

The Global Newspaper  
Edited and Published  
in Paris  
(Printed simultaneously in Paris,  
London, Zurich, Hong Kong,  
Singapore, The Hague, Marseille,  
New York, Rome, Tokyo, Frankfurt.)

# Herald Tribune

Published With The New York Times and The Washington Post

3  
ESTABLISHED 1887

## Is UN Embargo Working? Baghdad's Bounty of Food Raises Eyebrows

By John F. Burns  
New York Times Service  
BAGHDAD — More than two months after the United Nations imposed a trade embargo on Iraq, Baghdad and other major cities are enjoying an unexpected bounty of fruit, vegetables and canned goods.  
As a result, diplomats here say they believe it will be months, perhaps a year or more, before food shortages begin to put pressure on the government of Saddam Hussein.  
But although food appears more abundant than Baghdad expected when it began rationing staples on Sept. 1, Western diplomats say this does not necessarily mean that the embargo will fail. The real pressures on Mr. Hussein will come from another direction — the growing shortage of industrial and military spare parts, as well as imported chemicals and other essential supplies.  
Forecasters on these matters are difficult to make, because the government has become even

more secretive than usual about industrial and military matters.  
But shortages have already begun to affect operations at hotels, where equipment breakdowns have become common, as well as other sectors of the economy accessible to foreigners. Among these is transportation. Scarcities of spare parts, tires and imported lubricants have begun to idle buses, taxis and automobiles.  
For Mr. Hussein, though, there is at least some comfort in the food markets of Baghdad, Basra and other major cities. For weeks, the Iraqi leader has led a propaganda campaign against the UN embargo, telling television audiences as recently as last weekend that President George Bush was responsible for starving Iraqi children by cutting off supplies of food and milk.  
Westerners who have toured the bazaars in widely separated areas of the country in the last three weeks, however, have concluded that the realities are quite different.  
Rationing of staples has caused many families

to put fewer of the traditional foods on the table, and to spend more than usual on the black market. There is scant sign, however, that anybody is going hungry. Instead, it appears there are greater quantities of certain items — including fruits, vegetables and many varieties of canned goods — than in years.  
"We're seeing supplies of some things in quantities we've never seen before," a veteran Western diplomat said after touring Baghdad's markets and marveling at the supplies of fresh and canned milk, potatoes, plums, grapes and cheeses, among other items that were in short supply for years before Iraq invaded Kuwait.  
Many Iraqis profess surprise at the profusion, but diplomats say the sources of the abundance are not hard to trace.  
First, the wholesale looting of Kuwait has brought convoys of trucks to the Iraqi capital loaded with grain from Kuwait's warehouses, as well as enormous quantities of imported canned

### Congress Demands A Say on War Plans

Both Parties Urge Baker to Pursue Diplomatic Effort

By John M. Goshko  
Washington Post Service  
WASHINGTON — A large, bipartisan cross-section of Congress does not want President George Bush to use force against Iraq without first seeking a declaration of war or other congressional approval. The Senate Foreign Relations Committee made clear Wednesday, Secretary of State James A. Baker 3d, who testified before the committee for two and a half hours, heard senators from both parties underscore their belief that the administration should keep working under United Nations auspices for a diplomatic rather than a military solution, refrain from force except as a last resort in the event of new Iraqi aggression or danger to Americans and agree to a mechanism for systematic consultation after next week when Congress adjourns until late January.  
Despite Mr. Baker's repeated assurances that "President Bush is committed to extensive consultations with Congress," the committee members said they felt something more was needed to ensure that Congress was not left behind if the Gulf situation takes unexpected turns that might cause Mr. Bush and his senior advisors to consider military options.  
"There is a difference between consultation and authorization," Senator Paul S. Sarbanes, Democrat from Maryland, said in summing up the committee's mood. "It is my very strongly held view that the commitment of American forces by the president in a major assault to drive Saddam Hussein out of Kuwait would require an authorization from the Congress."  
"You need to come to the Congress, lay out what it is you are proposing to do and for what purposes and get a judgment by the Congress that the administration ought to be given the authority to do that," he said.  
"If you get a declaration of war, you lose the element of surprise," Mr. Sarbanes said. "But the notion that the president alone would be able to commit American forces in a major assault without receiving a shared decision by the Congress, it seems to me, is contrary to what the constitution calls for."  
Other members cautioned that the administration should not regard separate resolutions passed by the Senate on Oct. 2 and the House on Sept. 27 supporting Mr. Bush's deployment of U.S. military forces in the Gulf as permission for him to commit troops to battle without waiting for Congress to exercise its responsibility to declare war.  
When the resolutions were passed, members of both Houses said they should not be interpreted as resembling the Tonkin Gulf resolution in 1964, which opened the door to the U.S. military escalation that became the Vietnam War.  
The exchange between Mr. Baker and the senators was conducted  
See WARNING, Page 5

## Confusing the West: Mixed Iraqi Signals

Cohesive Response Is an Elusive Goal As Saddam Hussein Varies His Pitch

By Judith Miller  
New York Times Service  
AMMAN, Jordan — Saddam Hussein is sending decidedly mixed signals about his intentions toward Kuwait, thus causing Arab and Western moods and expectations to shift and complicating efforts by the United States and its allies to forge a coherent strategy for getting Iraqi forces out of Kuwait.  
With every new statement from Baghdad, stocks and oil market prices rise or fall, and analysts alter their assessments about whether war seems more imminent or more remote.  
As a result, policymakers in Washington and other allied capitals are constantly off balance, drawing up contingency plans for war one day and for diplomacy the next.  
Moreover, by alternating between hints that Iraq might compromise and end the Gulf crisis and denials of any such possibility, Mr. Hussein has tried with some success to exploit tensions in the U.S. and its allies against him.  
The latest signal from Baghdad has been hard-line. On Sunday, officials insisted that not even a war would prompt Iraq to relinquish Kuwait as its 19th province.  
Taha Yassin Ramadan, the first deputy prime minister, said Iraq was prepared "to confront whatever happens" to hold onto the emirate.  
On Monday, Information Minister Latif Nassif Jasim echoed that. "There is no room for any compromise as Kuwait," he said.  
The toughest stance came after weekend reports that Mr. Hussein might be prepared to show some flexibility on withdrawing from Kuwait.  
The softer, earlier line had been delivered, as usual, through private



Ukrainians Turn to Civil Disobedience in Drive for Independence  
Thousands of Ukrainians in Kiev demanding independence from the Soviet Union. Student protesters were not satisfied Wednesday when it was announced that Prime Minister Vitali A. Masol was prepared to step down in an attempt to halt a growing civil-disobedience campaign. Protesters said they would press their campaign for multiparty elections, creation of a national army and the nationalization of Communist Party assets in the second-largest Soviet republic.

## Gorbachev vs. Yeltsin: Truce Proves Short-Lived

By David Remnick  
Washington Post Service  
MOSCOW — The honeymoon is over. Once more, Mikhail S. Gorbachev and Boris N. Yeltsin are at odds, and at issue are the collapsing economy of the Soviet Union and the fundamental question of who holds power.  
After months of indecision and rewriting, Mr. Gorbachev, the Soviet president, has tempered a radical 500-day plan to create a market economy with elements of traditional centralized control. Mr. Yeltsin, the president of the Russian Republic and an advocate of a far more rapid approach to privatization and price changes, has called the compromise plan "a catastrophe, a disaster waiting to happen."  
One of the authors of the radical plan, Grigori Yavlinski, was so disappointed with Mr. Gorbachev's hedging on economic change that he submitted his resignation as deputy Russian prime minister.

The Yeltsin-Gorbachev relationship, star-crossed from the moment they began working together in the Communist Party leadership five years ago, has once again become a spectacle of operatic proportions.  
Mr. Yeltsin was infuriated on Wednesday by what he said was Mr. Gorbachev's betrayal of an earlier agreement to go through with the radical plan. He gave a thundering speech in the Russian parliament, saying that the republic could end up defying Moscow.  
This summer, when relations between the two men were better than they had been in nearly three years, Mr. Yeltsin reportedly told Mr. Gorbachev that he was ready to work with him. The two men seemed united in purpose, if not in style. With Mr. Yeltsin's popularity and Mr. Gorbachev's institutional power and international prestige, they appeared intent on creating an alliance for radical change.  
Now all that is in question once more. Mr. Yeltsin is given to hyperbole and threat, and yet he seemed completely serious on Wednesday when he said that the Russian Republic would now consider establishing a separate currency, banking system and armed forces.  
Or, he said, the Russians could force the establishment of a coalition government, if Moscow would nominate a new prime minister in place of Nikolai I. Ryzhkov, a defender of a more conservative road to economic change.  
Mr. Yeltsin predicted that if Mr. Gorbachev's plan were adopted, it would cause prices to soar "by tens of times" and send the budget deficit skyrocketing.  
After he was dropped from the Communist Party leadership in 1987, Mr. Yeltsin began speaking boldly as an  
See SOVIETS, Page 2

### Kiosk

#### Chief to Retire At Dow Jones

NEW YORK (JHT) — Warren Phillips, the chairman of Dow Jones & Co., plans to turn over duties of chief executive officer to Peter Kann, 47, on Jan. 1. Mr. Phillips plans to retire July 1, after he turns 65.  
A spokesman denied the move was connected to the company's recent financial problems. The Wall Street Journal publisher, squeezed by a drop in U.S. financial advertising, last week began a tough cost-containment program.

#### General News

In the new Germany, life is getting ever tougher for foreign workers.  
Page 2  
Art Blakey, the jazz drummer, died at age 71.  
Page 4  
Science  
Two Americans and a Canadian shared the Nobel prize in physics, and an American won the chemistry prize.  
Page 8  
Business/Finance  
Slow U.S. housing construction added to the economic gloom.  
Page 11  
Germany proposed a compromise on European monetary union.  
Page 11

#### Late Soccer Scores

European Championship  
Scotland 2, Switzerland 1; Group 2  
Netherlands 1, Denmark 1; Group 4  
Wales 3, Belgium 1; Group 5  
Paraguay 1, North Korea 0; Group 6  
England 2, Poland 0; Group 7  
(Earlier article, Page 21)

#### Crossword

Dow Jones	The Dollar in New York
Up 6.68	DM 1.5123
2,387.87	Pound 1.962
	Yen 125.43
	FF 5.0676

## The German Spy Story: Now, a Link to Baghdad

By Marc Fisher  
Washington Post Service  
BERLIN — Germany's spy crisis broadened Wednesday when federal prosecutors said they had arrested a Foreign Ministry employee accused of selling classified U.S. and German documents to Iraq.  
They said they were holding Jürgen Mohammed Gietler, 35, an archivist charged with receiving about \$13,000 from the Iraqi Embassy in Bonn for reports outlining U.S. assessments of the situation in Iraq and other Arab countries. He is said to have passed on documents between March and August of this year.  
A ministry source said that Mr. Gietler, who converted to Islam in 1987 after working in the West German foreign service in Egypt, had delivered to the Iraqis accurate U.S. assessments of the situation in the Gulf as late as Iraq's invasion of Kuwait Aug. 2. He was arrested Aug. 28.  
The newspaper Bild said in its



LAST KISS — Queen's Dragoon Guards saying good-bye Wednesday in Wolfenbüttel, Germany, leaving to join other British units in the Gulf. The latest British force to arrive in Saudi Arabia was the elite 7th Armored Brigade, known as "The Desert Rats." Page 5.

## Japan's Land Crisis Creates a Few Haves, Many Have-Nots

By David E. Sanger  
New York Times Service  
TOKYO — Hiroshi Akizuki, a computer programmer, wandered into a Queen Anne-style display house with his girlfriend the other day, peered up the giant central staircase, inspected the elegant brick fireplace in the parlor and pondered the question of whether he would ever live like this.  
"It's probably impossible," said Mr. Akizuki, 27, shaking his head as he stood on the stoop of the building, which would look more like home in an American suburb than in the center of Tokyo. "The house is not so expensive, but who could afford the land underneath?"  
He consoled himself with the thought that for three-quarters of a million dollars, "you don't even get a single tatami room," referring to the traditional straw-mat rooms found in almost every Japanese house.

The house he was looking at, in fact, is sitting on some of the world's most expensive real estate: an entire village of oversized American- and European-style houses, complete with some suburban streets, improbably situated in a vacant railroad yard in central Tokyo. It is just steps from the neon and noise of Shibashi, once this city's most famous geisha quarter.  
The idea was to fuel the huge popularity here of Western-style colonial, alpine ski chalets and state-of-the-art English country houses — all imports, the government notes — which Japan's nouveaux riches have poured into tiny lots and fill with Jacuzzi, gold-plated faucets and computer-controlled kitchens.  
But the sprawling housing display is teaching Tokyo residents about more than just the novelty of 2-by-4 construction. It is also debunking one of this country's favorite myths: that the Japanese are a

decidedly middle-class society, where few are much better off than their neighbors.  
The only serious buyers in Shibashi are people like Kozo Kayo, 70, a retiree who bought his land long before the Imperial Palace was worth more than the state of Florida. Now the site of Mr. Kayo's apartment building in Kawasaki is worth millions. Mr. Kayo is getting ready to sell it in order to build a "two generation" house.  
"If it was just me, I would build something Japanese-style," Mr. Kayo said the other day, wandering out of a house done half in tatami, half in automated luxury. "But the kids want Western. And if I don't build it for them, where will they live?"  
Mr. Kayo is one of the millions of elderly Japanese who are on a rebuilding spree of enormous proportions. But for everyone else, the model houses in Shibashi just drive home the fact that, despite monthly government promises to tackle soaring land prices, the possibility of home ownership seems more remote than ever.  
For young couples, Tokyo's housing show is almost a cruel joke, a chance to walk wide-eyed through three-bedroom houses the way tourists in Beverly Hills gawk at the mansions of stars.  
"At one time, building a house was a symbol of success in life," Kazuro Santo, an official of the Federation of Home Construction, said recently. "For many men, that is still the case. But now young people come to see the houses simply to serve their dreams. When they can build, no one knows."  
Once, the land crisis was only Tokyo's problem. No longer. A recent government survey showed that the huge run-up in the price of land in the capital was leveling off, increasing only 10 percent last year. But in Osaka, the country's second largest hub, prices

## Put to Test: The Magic Of Mandela

By David B. Ottaway  
Washington Post Service  
EDENBURGH, South Africa — These are tough times for Nelson Mandela.  
Hailed in America as a modern-day Moses and in South Africa as father of the anti-apartheid struggle, the deputy president of the African National Congress is running into considerable difficulty convincing his people that negotiations with the white-minority government are the best and quickest way to freedom.  
So far, the talks that Mr. Mandela has held with President F. W. de Klerk since being released in February after 27 years in prison have reaped few political dividends, and to many blacks Mr. Mandela's defense of Mr. de Klerk as "a man of integrity" has begun to ring hollow.  
In fact, Mr. Mandela's aides admit that he has not got what he expected when he agreed in August to suspend the African National Congress's 30-year armed struggle against Pretoria.  
Despite Mr. de Klerk's pledges to carry out changes, imprisoned ANC members are being freed only sporadically, few of an estimated 3,000 exiles have been allowed to

See MANDELA, Page 5



# In the New Germany, Foreign Workers Are Toughing It Out

By John Tagliabue  
New York Times Service

SCHWEDT, Germany — When she thinks back to her days in Dresden in the 1970s as an electrical-engineering student, Nguyen Lien's eyes glow. "There was such friendship then," said the slight Vietnamese woman, who came to East Germany offering "fraternal assistance" to fellow Communists and now finds herself unwanted.

"I went to all the solidarity rallies," she said nostalgically. "I was a delegate for the Vietnamese students."

Mrs. Lien, who shares a one-room apartment in this poor rural city of 34,000 with her husband and 6-year-old son, says she thinks she can play a useful role in the new Germany. And she feels that whatever she learns about reviving the moribund economy of what was East Germany will prove useful when she eventually returns to Vietnam.

She is hoping to put off departure for some time. But she is well aware that in the face of growing hostility to people like herself, about 2,000 workers from such places as Vietnam and Mozambique leave each week, many after enduring racist slurs and attacks.

In the days of Communist central planning and subsidized full employment, Vietnamese, Cubans and Africans were invited to take hard-to-fill jobs. Now, factories in the East are shutting down, incapable of competing with western counterparts. Unemployment is rising in these regions, and Germany is using every available airplane to repatriate workers from developing countries who were hired by East German leaders.

Before the evacuation of the foreign workers was begun, there were 50,000 Vietnamese in Germany.

The departures under pressure come despite the solemn pleas of German leaders at unification rallies for greater tolerance. The calls appear to go unheeded by at least some of Schwedt's population; Vietnamese workers are often harassed, and such slogans as "Foreigners out!" appear on walls.

Mrs. Lien said hardly an evening passed that skinheads and other youths did not attack the concrete high rise that 300 or so Vietnamese call home. They throw rocks through windows and roar, "Foreign pigs go home!"

A majority of Schwedt's people condemn the intimidation, which has failed to discourage a small group of Vietnamese. "We are curious to see how things devel-

op further here," Mrs. Lien said. "Things will be developing in our country, too, and we do not know which is the right path to take and which the wrong one. So we are embarking on a big adventure."

Mrs. Lien, a woman in her 30s who left a 13-year-old daughter behind in Hanoi, said more would stay, were it not for the terror.

Gerhard Ziebarth, a neighbor of the Vietnamese, attributed the trouble to teenage gangs who exploited newly won freedoms, and to the weakening of the police since the collapse of communism.

"The Vietnamese wouldn't harm a soul," he said angrily, "and day in, day out, they're harassed by these children. They've got the idea, 'We're Germans now, so we can get away with anything.'"

"We should be ashamed of ourselves," he added. "Shook over the rise in racist acts is all the more bitter since the Vietnamese believe that they have made a solid contribution to Schwedt's economy."

"Our people worked hard, some produced 250 percent above the norm," said Tran Cuong, Mrs. Lien's husband, who lost his job at a shoe factory. "Our factory director acknowledged it, and last year our factory was singled out for its high quality."

The Vietnamese did piecework, he said, and by working at triple shifts, the more industrious earned the equivalent of \$300 a month; the average wage was \$530.

Before unification, Schwedt was home to more than 4,000 foreign workers — Yugoslavs, Poles, Cubans, Pakistanis and Vietnamese. They worked in factories and helped build the petrochemical plants at the western end of the East German-Soviet oil pipeline from Siberia. Now only the Vietnamese remain.

Envy was stirred when Vietnamese were awarded some of the few apartments available, even though families like Mrs. Lien were forced into single rooms. Moreover, some accused the Vietnamese of hoarding goods, notably the bicycles and mopeds that are standard transport in Southeast Asia, for shipment to families at home.

Mr. Cuong said: "In Vietnam we live very closely, and young people who are 18, 19, work to help their relatives. If we're staying here, it takes a year for a package to reach Vietnam. It's not worth it to send three or four boxes of things if a package takes a year, so that's why we purchase large amounts."



An Arab woman trying on a gas mask Wednesday as Israeli authorities began distributing the equipment in East Jerusalem. The masks are to be used in case of an Iraqi chemical weapons attack.

## Arabs Get Gas Masks In Jerusalem

Reuters

JERUSALEM — Israeli soldiers began handing out gas masks to Arabs in East Jerusalem on Wednesday to protect them from possible Iraqi chemical weapons attack.

Hundreds of Arabs turned out to receive their masks on the first day of distribution in East Jerusalem, which was annexed by Israel after the 1967 Middle East war and declared part of the united capital of the Jewish state.

Israeli officers said they were surprised by the turnout.

Palestinian leaders, who regard East Jerusalem as the future capital of an independent state, had said before that they would either refuse the masks or accept them only to guard against Israeli tear gas.

"But I came because we want to live," said Taleb Salah Khader, 61, picking up his for his nine children from a heavily guarded school in the Shafat neighborhood. "God decides when people will die, not another man. That just can't be."

President Saddam Hussein of Iraq has threatened to attack Israel with chemical weapons as part of his war of words with Washington.

Israel began nationwide distribution of gas masks to its 4.7 million Arab and Jewish citizens on Monday.

The army delayed starting the distribution of kits to the 140,000 Arabs of East Jerusalem in the aftermath of the Oct. 8 police shooting on the city's Temple Mount.

Israel has yet to begin distribution to the 1.75 million Palestinians in the occupied territories.

Unlike the Arabs of East Jerusalem, whom Israel considers as national residents, the Palestinians have to pay for the masks.

"The distribution is to all citizens of Israel without regard for race, religion or nationality," said Brigadier General Arnon Ben-Ami, the area's civil defense commander.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney later told a Soviet parliamentary committee that the Bush administration welcomed Moscow's support for United Nations resolutions designed to ensure a complete Iraqi withdrawal from Kuwait. Tass quoted him as saying that superpower cooperation had strengthened the ability of the United Nations to oppose international aggression.

U.S. and Soviet officials refused to disclose further details of talks between Mr. Cheney and Kremlin leaders. The Gulf crisis is a particularly sensitive subject here after a threat by Baghdad to retaliate against Soviet citizens in Iraq if the Soviet Union reveals any of its military secrets to Washington.

As the major supplier of weapons to Iraq for several decades up until the Iraqi invasion on Aug. 2, the Soviet Union has unrivaled information about Baghdad's military abilities. Earlier this week, the Soviet press agency Novosti said that Soviet military specialists serving in Iraq might have forewarned the invasion of Kuwait, but that the

information was not passed along to Kremlin leaders.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

## Palestinians Boycott Meeting With Hurd

The Associated Press

JERUSALEM — Palestinian leaders boycotted a scheduled meeting with British Foreign Secretary Douglas Hurd on Wednesday and denounced Israel's refusal to accept a United Nations investigation of last week's Temple Mount killings.

Prime Minister Yitzhak Shamir appealed to President George Bush to "put the Temple Mount incident behind us," but again rejected a UN probe into the killings at the sacred site, a spokesman said Wednesday.

The Security Council voted unanimously on Friday to condemn the fatal police shootings here of 19 Palestinians on Oct. 8. The resolution ordered a three-member investigatory mission to Jerusalem.

In New York, Secretary-General Javier Pérez de Cuéllar said Wednesday that he was unable to dispatch the mission because he had not obtained the necessary cooperation from Israeli officials. He said he was not willing to send his emissaries unofficially.

The police assault in the Old City was carried out after Palestinian demonstrators began hurling stones from the Temple Mount, known to Arabs as Haram as Sharif, down on Jewish worshippers at the Western Wall, Judaism's holiest site.

The appeal to Mr. Bush came in a letter sent after the Israeli cabinet rejected the UN probe, a spokesman for the prime minister, Avi Pazner, said.

The refusal to meet a UN investigating delegation has increased tensions between the United States and Israel, but a senior official said

that Israeli leaders were privately seeking a compromise. One proposal being studied, he said, was to submit to the United Nations the results of Israel's own investigation; a report is expected by the end of the month.

The Palestinian leaders' boycott of the meeting with the British foreign secretary came after statements attributed to Mr. Hurd in Israeli news reports that Britain opposed a Palestinian state.

The British Consulate in East Jerusalem issued a statement saying that Mr. Hurd's remarks had been misreported.

The 27 Palestinians from the occupied territories who were to have met with Mr. Hurd instead signed a statement and had it delivered to him. It said:

"Israel's refusal to cooperate with the secretary-general's mission of investigation is symptomatic not only of its continued intransigence, but also of its contempt for the will of the Security Council and for the internationally recognized rights of the Palestinian people."

The Shamir letter to Mr. Bush was sent Monday, a day after the cabinet rejected the weekend Security Council resolution condemning the killings and ordering the UN investigation.

Mr. Pazner declined to make the letter public, but summarized portions.

He said that Mr. Shamir rejected a UN investigation "for the simple reason that this resolution contains only a one-sided condemnation and doesn't mention the attack on Jews."

"Above all," he said, "it deals a blow to Israeli sovereignty over Jerusalem."

## Cheney Talks With Gorbachev

2 Sides Reaffirm That They Share Same Goal in Gulf

By Michael Dobbs

Washington Post Service

MOSCOW — President Mikhail S. Gorbachev held talks on the Gulf crisis Wednesday with the U.S. defense secretary, Dick Cheney, in another sign of close superpower cooperation on the crisis.

The Soviet press agency Tass said the Soviet leader had told Mr. Cheney that he wanted to explore all possible avenues for a political solution to the crisis. But he added that he remained committed to an agreement reached with President George Bush last month in Helsinki under which the two leaders pledged to secure a complete Iraqi withdrawal from Kuwait.

Mr. Gorbachev has sent one of his close foreign-policy advisers, Yevgeny M. Primakov, on a tour of Western capitals to explore the possibility of a political settlement. Mr. Primakov, who recently held talks in Baghdad with Saddam Hussein, the Iraqi president, is expected to fly to Washington later this week after meetings with French and Italian officials.

Mr. Cheney later told a Soviet parliamentary committee that the Bush administration welcomed Moscow's support for United Nations resolutions designed to ensure a complete Iraqi withdrawal from Kuwait. Tass quoted him as saying that superpower cooperation had strengthened the ability of the United Nations to oppose international aggression.

U.S. and Soviet officials refused to disclose further details of talks between Mr. Cheney and Kremlin leaders. The Gulf crisis is a particularly sensitive subject here after a threat by Baghdad to retaliate against Soviet citizens in Iraq if the Soviet Union reveals any of its military secrets to Washington.

As the major supplier of weapons to Iraq for several decades up until the Iraqi invasion on Aug. 2, the Soviet Union has unrivaled information about Baghdad's military abilities. Earlier this week, the Soviet press agency Novosti said that Soviet military specialists serving in Iraq might have forewarned the invasion of Kuwait, but that the

information was not passed along to Kremlin leaders.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

Mr. Gorbachev's visit to Tula was part of a tour of military facilities.

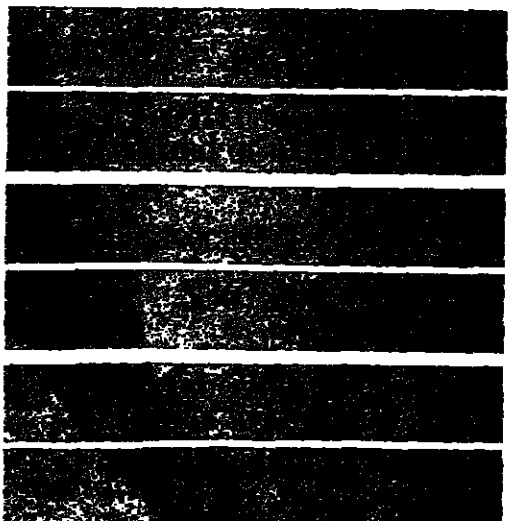
At his meeting with Mr. Cheney, Mr. Gorbachev repeated Soviet calls for a comprehensive Middle East peace settlement, which, he said, had been undermined by recent "bloody events," apparently a reference to the killing of Palestinian protesters in Jerusalem by Israeli security forces.

Mr. Cheney congratulated the Soviet leader on his being awarded the 1990 Nobel Peace Prize. Mr. Gorbachev replied jokingly that he was pleased to hear such congratulations from a U.S. defense secretary.

Mr. Cheney is expected to go Thursday to the town of Tula, 150 miles (245 kilometers) south of Moscow, to watch Soviet airborne troops in training. He is also expected to visit an underground air defense command facility.

**Reaching a Global Elite of Real Estate Investors**  
Special Advertising Section  
Commercial Real Estate  
October 25th

The IHT offers a unique opportunity to reach nearly half a million potential real estate buyers worldwide.



That is why more and more individual owners, real estate agents and developers are turning to the IHT as a successful real estate advertising medium addressing a highly mobile, affluent international audience that no local or national publication can hope to cover.

For further information on advertising in this special real estate section, contact Didier Brun: (33-1) 46 37 93 82 or Max Ferrero: (33-1) 46 37 93 81 in Paris, Sandy O'Hara: (1-212) 752 38 90 in New York, Nicky Snowe: (44-71) 836 48 02 in London, or your nearest IHT advertising office.

**Herald Tribune**

## L.A. Snuffs Out Smoking Ban In Restaurants

New York Times Service

LOS ANGELES — The city council has rejected a proposal to ban smoking in all city restaurants.

An organization of more than 1,000 restaurant owners contended that the measure's passage would have resulted in a sharp loss for an industry already feeling the effects of a weakened economy.

During the 90-minute hearing before the vote on Tuesday, the city councilman who proposed the ban said that nearly a tenth of the estimated 350,000 Americans who die annually as a result of smoking die from second-hand cigarette smoke.

An industry spokesman said a total smoking ban in the city's 8,600 restaurants would result in losses of up to 3,300 full-time jobs and \$148 million in revenue.

The ordinance, which would have been the most stringent of its kind for a major U.S. city, failed in a 6-to-6 vote; on final reading, a measure can pass only by a unanimous council vote. Supporters said the restaurant ban might be considered again in about a month, possibly with modifications.

TO OUR READERS IN GENEVA

It is never been easier to subscribe and save. Just call today.

(1) 09-19-228 in Geneva.

## JAPAN: Land Crisis Splits Society

(Continued from page 1)

shot up 45 percent last year, and in Kyoto, the ancient capital, the increase was almost 50 percent.

The survey suggested what many people have long suspected: The government's much-publicized effort to put a lid on property prices — ordering banks to cut back their lending and giving government agencies the right to reject big, speculative transactions — has largely failed.

Increasingly, young house-hunters are beginning to wonder whether national leaders who talk about the "land crisis" as Japan's most urgent domestic issue have much incentive to solve it.

"It is difficult to believe politicians on any subject," said Norio Ishikawa, 31, a builder trying to scratch together the money for a "Sweden house" he saw on display in Tokyo. "It is impossible to believe them about land."

More than 60 percent of Japanese families are landholders. They are the bedrock of the Liberal Democratic Party, and few seriously believe that the party is interested in diminishing their constituents' biggest single asset.

Although it is hard to find a government official these days unwilling to issue the standard line about how skyrocketing land prices pose a grave national threat, it is harder still to find one who, in the next breath, fails to note that those property values are the foundation of Japan's booming economy.

Japan lacks not only a consensus

about how to solve the problem, but also a plan. A committee put together by the prime minister's office has suggested that the government adopt an official policy to put home ownership within reach of ordinary working people.

That idea was greeted with silence. A government plan to impose a tax on corporate land, especially unused tracts that could be freed up for housing developments, has been opposed by business.

Families themselves are increasingly doing battle. Ryomaichi Shimizu, one of Japan's leading newspapers, reported recently that the number of disputes over property inheritance spilling into the courts was up by more than 30 percent in the last four years.

But if there are movements, most Japanese are well-mannered enough to keep them hidden. The apartment renters who jam their families into tiny three-room apartments at night emerge in the morning smiling as they sweep the streets with next-door neighbors who own fairly spacious houses.

More likely than not these days, those homeowners are tearing down their old, drafty wooden Japanese houses and replacing them with something big and stucco, often with a carport.

The other day in a quiet neighborhood in the southern part of Tokyo, a middle-aged woman whose family runs a tiny apartment watched as workers unloaded big kitchen cabinets for a new house being built near her.

"Those cabinets," she said flatly, "are bigger than my kitchen."

## Beirut's Dividing Line Is Breached

BEIRUT (Reuters) — Syrian bulldozers on Wednesday flattened part of Beirut's Green Line, which has divided Muslims and Christians for 25 years, while France and Lebanon sought to settle a dispute over the fate of Major General Michel Aoun.

Syrian and Lebanese troops who ousted the rebel general on Saturday have reopened crossings between East Beirut and the Muslim West A, but one or two had been closed for seven years.

General Aoun took refuge in the French Embassy after Syrian planes bombed his headquarters in the presidential palace. France has promised him asylum, but the government of President Elias Hrawi wants to put him on trial as a war criminal.

## Havel Dismisses Defense Minister

PRAGUE (Reuters) — President Vaclav Havel dismissed Defense Minister Miroslav Vacek on Wednesday, but praised him for not having allowed the army to be used to suppress dissent under the Communist government that was overthrown last year.

A statement from the president's office, carried by the state press agency CTK, gave no reason for the dismissal, which came six days after tens of thousands of demonstrators demanded that the Communist Party be outlawed and its members removed from the Federal Assembly. The statement said that Prime Minister Marian Calfa would take over the defense portfolio for the time being.

Mr. Havel praised General Vacek, 55, for "never having allowed the army to be misused against the people, for having loyally observed all orders and for having started the process of a fundamental restructuring of the Czechoslovak Army."

## Chinese Leader's Son Is Out of Prison

BEIJING (Reuters) — The son of Deputy Premier Wu Xueqian of China has been released from the prison where he was being investigated for a report carried by Beijing Radio condemning last year's bloody crackdown on democracy demonstrators, friends said Wednesday. Wu Xueqian, a journalist at the state-controlled radio, was released for health reasons earlier this month.

On June 5 last year, the English language service of Beijing Radio carried an emotional broadcast calling on listeners to protest the "gross violation of human rights and the most barbarous suppression of the people" the night before. Colleagues said they believed Mr. Wu had written and authorized the report.

Diplomats and human rights organizations estimate that hundreds of people are still held in connection with the events of June 1989.

## Rwanda Leader Agrees to Hold Talks

ENTEBBE, Uganda (Combined Despatches) — President Juvénal Habyarimana of Rwanda agreed Wednesday to open peace talks with rebels fighting his government's forces and to allow refugees to return to Rwanda. President Yoweri Museveni of Uganda said after talks in Tanzania with the Rwandan leader.

Zaire is to withdraw the 500 troops it sent to Rwanda earlier this month. Zaire's official news agency said on Wednesday. The agency gave no further details. France and Belgium, which is Rwanda's former colonial ruler, have also sent troops to protect hundreds of their citizens living in the country.

## 2 Survived Lockerbie Crash Briefly

DUMFRIES, Scotland (AP) — Two passengers on Pan Am Flight 103 may have survived a short time after falling 30,000 feet when the Boeing 747 disintegrated over nearby Lockerbie, a police sergeant testified Wednesday.

The sergeant, David Johnston, told the inquiry into the disaster on Dec. 21, 1988, that a pathologist's report said two passengers briefly survived but their identities did not want the identities made public. A total of 270 people died after a bomb exploded on the aircraft.

## U.S. and Vietnam in Accord on MIAs

WASHINGTON (AP) — The United States and Vietnam agreed Wednesday to step up their cooperation in efforts to obtain an accounting for the 5,000 U.S. American servicemen still missing from the Vietnam War.

The development came during talks between U.S. officials and the Foreign Ministry in Hanoi, Vietnam, on Wednesday. The first Hanoi official of his rank to visit Washington since Vietnam's independence 36 years ago.

President George Bush's special representative on matters concerning the missing men, General John Vessey Jr., announced the agreement after several hours of discussions with Mr. Thach. A joint team will be formed to examine the specifics of the new forms of cooperation.

## House Sends Civil Rights Bill to Bush

WASHINGTON (AP) — The House of Representatives approved on Wednesday a bill designed to combat job discrimination and sent it to President George Bush, who promised a veto on grounds that it would limit the right of employers to hire and fire.

The 275-page bill, sponsored by Rep. Henry Hyde (R-Ill.), was just short of what sponsors wanted to overcome a veto. The Senate approved the bill a day earlier, but fell short of the support needed for a veto override. The bill's opponents are concerned about job discrimination that created a new Supreme Court handed them down last year. Provisions in the bill range from a ban on racial harassment in the workplace to a ban on discrimination in housing.

## Corruption

A brief report from the Business Finance section of Wednesday's editions of the International Herald Tribune said that a third-quarter profit of \$71 million, down from a loss of \$10 million a year earlier. The company's earnings per share were \$1.10, down from \$1.10 a year earlier. The company's earnings per share were \$1.10, down from \$1.10 a year earlier. The company's earnings per share were \$1.10, down from \$1.



## Bush on Congressional Stump: Insider Becomes Mr. Outsider

By Andrew Rosenthal  
New York Times Service

GLEN ELLYN, Illinois — Less than three weeks before his first set of midterm congressional elections, George Bush has settled on a message: The president of the United States is campaigning as an outsider against Washington.

After months in which Republican operatives have been waiting for the president to drop his mantle of above-the-fray bipartisanship and take up the standard against the Democrats, Mr. Bush turned up the heat this week as he stumped for two days across from Texas to Nebraska and Iowa and on to this western suburb of Chicago.

At each stop, his message was roughly the same — against them.

"Them" meant the denizens of Washington, specifically "the Democrat-controlled Congress."

"Us" referred to the rest of the country, which in Mr. Bush's parlance has an anti-incumbent, anti-

establishment — read that anti-Democrat — cast. "Oh, how nice it is to be out there where the real people are, outside of Washington, D.C.," Mr. Bush said in Omaha, Nebraska, where he campaigned for Governor Kay A. Orr's re-election, Representative Hal Daub's Senate bid and Alby Milder's run for the House of Representatives.

The note Mr. Bush is striking may seem discordant, especially for a man who has spent about 20 years living in Washington or working for the federal government, and who ran for the presidency in 1988 as a consummate insider.

But Mr. Bush is fighting a high-stakes battle in the final weeks of the campaign. His message is part of the White House strategy to gain control of the runaway budget crisis and keep it from turning into trouble for Republican candidates at the polls on Nov. 6.

The idea is to convince the voters that it is the Democrats in Congress — the "liberal Democrats"

as Mr. Bush likes to call them — who are at fault in the budget mess, not the president.

Although Mr. Bush talks of restoring Republican control in the Senate and whittling the Democratic majority in the House, Republican strategists fear that if the budget debacle is identified with him personally in too many voters' minds it could produce party losses in both houses of Congress.

So the president has been delivering the anti-Democratic message as he continues a campaign schedule that will keep him on the road virtually full-time for the last two weeks of the campaign and bring about \$100 million into the coffers of Republican candidates.

Mr. Bush's main mission has been to raise that money for candidates who are comfortably ahead. Like Clayton Williams, running for governor of Texas, and for those who are having more trouble, like Jim Edgar, the candidate for governor in Illinois. For the most part, the president has spoken to the

party faithful, who pay up to \$1,000 apiece to listen.

The candidates he has been helping have been especially sharp in their tone. In Omaha on Monday, Ms. Milder said the Democrats were "rats gnawing at the ship of state," and she urged voters to "throw the rats overboard."

In Des Moines, Beverly Tanke, standing in for her senatorial candidate husband, Representative Tom Tauke, denounced "the crazies on Capitol Hill."

The president has been a bit more restrained, but by Tuesday in Iowa he, too, was talking about "fiscal insanity" in Congress.

Mr. Bush's message went over well with his audiences, which consisted mostly of Republican campaign contributors, but it was not clear how well the anti-Congress, anti-incumbent theme was playing with wider audiences.

Recent polls suggest that Americans blame both the president and Congress for the lack of a deficit-cutting agreement.

## Brazil Repeats Pledges But Rejects Atom Pact

By Michael Wines

WASHINGTON — Brazil intends to tighten civilian control over its nuclear sites and restrict exports of nuclear materials and advanced military technology, but it will not sign the 20-year-old treaty that requires adherents to forsake the development of atomic weapons, according to a senior Brazilian government official.

The secretary of science and technology, José Goldemberg, repeated recent pledges by President Fernando Collor de Mello that Brazil would not test a nuclear bomb.

But he said the government would sacrifice its sovereignty if it agreed to the treaty, which subjects nuclear installations to international inspection and other safeguards that discourage the diversion of nuclear materials to nations seeking to build atomic weapons.

"There is a strong component of national pride in this," he said Tuesday.

In a change from previous statements, however, Mr. Goldemberg suggested that Brazil might consider permitting independent inspections of nuclear installations that are now off-limits to outsiders.

The most sensitive of these, a uranium-enrichment plant near São Paulo, called Iperó, is capable of producing enough weapons-grade uranium to make one bomb every two to three years, outside experts said.

Mr. Goldemberg said the plant was making enriched uranium for a reactor that eventually would power Brazil's first atomic submarine.

Mr. Goldemberg was in Washington seeking congressional support for a proposal by Brazil to buy IBM supercomputers, which he

said would be used for aircraft design and weather forecasting.

Critics have said Brazil should be denied the supercomputers, which could be used to design nuclear weapons, as long as its nuclear programs lack international safeguards.

Although the Bush administration supports the proposed sales, the Senate has voted to specifically deny such purchases to Brazil, along with other unidentified nations that have aided Iraq.

Mr. Goldemberg said last week in Brazil that his country had run a secret program since the mid-1970s to develop and test a nuclear bomb. He said the program was being dismantled.

On Tuesday, Mr. Goldemberg and Oziere Silva, the minister of infrastructure, said Mr. Collor would shortly propose laws that would impose strict internal controls on the nation's nuclear programs, limit the export of sensitive military-related technologies, and bar former government officials from selling technical information elsewhere as private contractors.

In an interview at the Brazilian Embassy, Mr. Goldemberg said his government "many years ago" had shipped several loads of yellowcake, a refined uranium ore, to Iraq.

But he denied reports that Brazil had sent workers in the early 1980s to help Iraq operate a nuclear reactor. Israel bombed and destroyed the reactor in 1981 after concluding that it was being used to produce an atomic bomb.

Mr. Silva, the former head of the state-owned aircraft company Embraer, also rejected reports that the company had helped Iraq's efforts to develop missiles capable of lofting satellites into space.

## U.S. Won't Reopen Plutonium Processor

By R. Jeffrey Smith

Washington Post Service

WASHINGTON — The Energy Department has abandoned its plan to renew the processing of plutonium for use in nuclear weapons next year and has pledged to conduct a two-year study of environmental hazards at the sole U.S. plutonium processing plant, in Hanford, Washington.

Experts said the decision would not directly affect the production of new nuclear weapons, however, because the government has access to huge stocks of plutonium that can be recycled from existing weapons.

Mr. Watkins left open a govern-

ment option to operate the Purex plant to treat 2,100 metric tons (2,300 short tons) of nuclear waste generated by a weapons reactor at Hanford that has been closed since 1988. He said that no decision on this plan would be made for at least two years and that the department planned to study alternative waste plans as well as any associated environmental problems.

"Such a long, planned shutdown means that Purex will never operate again," said Jim Thomas, research director of the Hanford Education Action League, a group that opposed reopening the plant. He said the decision "marks the

effective end of more than 45 years of plutonium production for nuclear weapons in the United States."

At the time of its 1988 closing because of safety problems, the Purex plant was regarded as the world's largest nuclear fuel reprocessing facility.

### DEATH NOTICES

We record with sorrow the passing of

**Claude Léon ARPELS**

October 15, 1990.

Beloved husband of Malou,

devoted father of

John-Claude,

Anne-Marie Edwards-Arpels,

Tessie Anne-Droz-Arpels,

Claude Jolien,

Adriane Nicole,

and Marina Carina.

grandfather of Luke and Kate Edwards

and Marc and Emily Anne-Droz.

Mr. Arpels was a man of honor and quiet

digity, whose life exemplified his desire

for excellence and his love of beauty. He

was president and chairman of Van Cleef

and Arpels. He was decorated by the

French government with the honor of Che-

valier de la Légion d'Honneur. He was

noted for his many charitable endeavors

as well as his extensive efforts on behalf

of Cancer Research Institute and the Parkin-

son's Research Center.

The funeral service will be celebrated at the

church of Montana, Switzerland, today

Thursday, October 18, 1990 at 4 p.m.

The departed rests at the Salle St-Gabriel at

Montana-Station, Switzerland.

### ATLAS FUND

Société d'Investissement à Capital Variable

R.C. Luxembourg B 27 255

NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Meeting of

shareholders will be held at the registered office in Luxembourg,

10A, Boulevard Royal, on:

Wednesday 7th November, 1990 at 11.00 a.m.

for the purpose of considering the following Agenda:

1. To accept the resignations of Prince Rupen Loewenstein, Dr. Alfred

Harmon, Mr. Henri de Vertmouzon, Mr. Nicolas Jozic, and Mr.

Richard Kiehn as Directors of the Company.

2. To grant discharge to the resigning Directors in respect of the

execution of their mandate.

3. To appoint in replacement of the resigning Directors Mr. Donald Marr

and Mr. Jonathan O'Donoghue both directors, Nicolay Associates

Limited, 35 Hill Street, London W1X 7FD.

4. As the capital of the Company has fallen below the minimum capital,

the question of dissolution of the Company will be submitted to the

shareholders.

No quorum shall be prescribed for the all agenda of this meeting.

The dissolution (point 4) may be resolved by shareholders holding one

fourth of the shares at the meeting.

The shareholders on record on the date of the meeting are entitled to vote or

give proxies. Proxies should arrive at the Registered Office of the Company

not later than twenty-four hours before the meeting.

The present notice and a form of proxy have been sent to all shareholders on

record at 19th October, 1990.

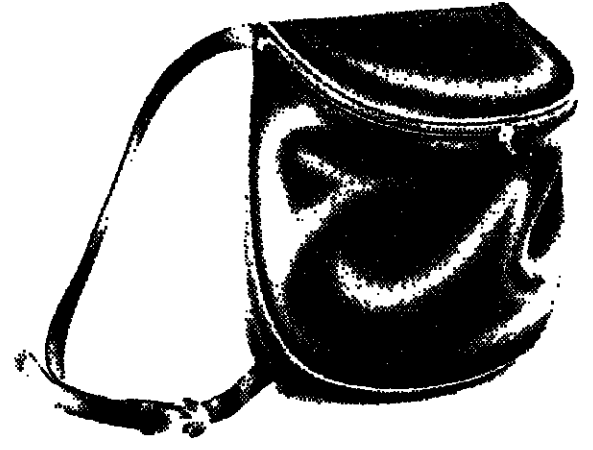
Proxy forms are available upon request at the Registered Office of the

Company.

By order of the Board of Directors

P. DE NICOLAY

President



**BOTTEGA VENETA**

roma: san sebastiano 18a - milano: via spiga 5  
venezia: calle viallaresso 1337 - firenze: piazza ognissanti 3r  
paris: 48, avenue victor hugo - madrid: zurbaran 16  
wien: seilergasse 1

## SEARCHING FOR AN INTERNATIONAL MANAGER? TAP YOUR BEST RESOURCE: THE IHT.

One single recruitment ad in the IHT is seen by nearly half a million people in 164 countries and on board 70 airlines. Since our readership is worldwide, you'll find that it cannot be duplicated in your local or national media.

So for recruiting managers, technicians, engineers, and specialists with extensive European and international experience, the International Herald Tribune is a unique and indispensable resource.

To place your recruitment ad in the IHT, contact

Max Ferrero, Didier Brun in Paris today at:

(33-1) 46.37.93.82/81,

or Sandy O'Hara in New York:

(1-212) 752-3890.

**Herald Tribune**

Published With The New York Times and The Washington Post

## THERE'S NO SUCH THING AS ELECTRONIC BANKING WITHOUT HUMAN BANKING.

A company that does business throughout the world very soon faces a daunting volume of banking operations and transactions. With all the less attractive financial consequences this may involve.

Which is why the ABN Bank has developed a system of electronic banking for its clients that goes much further than simply automating payment transactions. And in this the ABN is unique. It is a system that gives

our clients immediate access to relevant financial data from across the world. Via its own computer, which is specially programmed for each individual customer. So that the information provided matches the customer's requirements precisely.

Because only by showing an understanding for your client's situation, can you develop the most efficient system of electronic banking. Since the system

is based on the people who use it.

Naturally, for such an advanced system to work, you have to have in-depth financial knowledge about local markets around the world as well as good connections with central banks.

Something that the ABN acquires through its network of almost 1,000 offices spread over more than 45 countries.

This then is the firm foundation on which the ABN builds solid relationships with large numbers of international enterprises. Because a bank that knows the world, automatically becomes known throughout the world.

**ABN Bank**

A WORLD OF UNDERSTANDING.

ARGENTINA, ARUBA, AUSTRALIA, AUSTRIA, BAHRAIN, BELGIUM, BRAZIL, BRITISH WEST INDIES, CANADA, CHINA, ISLANDS, CHILE, DENMARK, ECUADOR, FRANCE, GERMANY, GIBRALTAR, GREAT BRITAIN, GREECE, HONG KONG, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, KENYA, KOREA, LEBANON, LIECHTENSTEIN, LUXEMBOURG, MALAYSIA, MOROCCO, NETHERLANDS, NETHERLANDS ANTILLES, PAKISTAN, PANAMA, PARAGUAY, PEOPLE'S REPUBLIC OF CHINA, PORTUGAL, SAUDI ARABIA, SINGAPORE, SPAIN, SRI LANKA, SURINAM, SWEDEN, SWITZERLAND, TAIWAN, TURKEY, UNITED ARAB EMIRATES, UNITED STATES OF AMERICA, URUGUAY, VIRGIN ISLANDS. HEAD OFFICE, 32 VLEZELSTRAAT, AMSTERDAM, THE NETHERLANDS. TELEPHONE (31-20) 29.2429/29.4060/29.3222.

# eraleal Trib

Published With The New York Times and The Washington Post  
Edited in Paris TUESDAY, JUNE 10, 1992 Printed in New York

**HEADING FOR NORTH AMERICA?**

You Can Now Receive Same-Day Delivery of The Global Newspaper in Key American Cities.

To subscribe call us toll-free in the U.S.: 1-800-882-2884.

(In New York, call: 212-752-3580.)  
Or write: International Herald Tribune, 650 Third Ave., New York, N.Y. 10022.  
Or Telex: 427175, Or Fax: 212-7558785.

## Art Blakey, Jazz Drummer and Band Leader, Is Dead at 71

By Peter Watrous  
New York Times Service  
NEW YORK — The drummer and band leader Art Blakey, one of the most influential figures in jazz for the last 40 years, died of lung cancer Tuesday in New York. He was 71.

Mr. Blakey, who until recently was leading his band, the Jazz Messengers, played with a mixture of powerful abandon and precise control. An extraordinary drummer, he would turn each piece into an epic voyage, starting out calmly, slowly packing the tune with texture after texture, always controlling the dynamics until a thunderous barrage released the tension.

Mr. Blakey shaped each performance by manipulating the texture

for his soloists, as well. The result was a set of performances that mixed the excitement of improvisation with a real understanding of the personalities and abilities of the musicians involved.

"Art was an original," said the drummer Max Roach.

"He's the only drummer whose time I recognize immediately. And his signature style was amazing. We used to call him 'Thunder.' When I first met him on 52nd Street in 1944, he already had the polyrhythmic thing down. Art was perhaps the best at maintaining independence with all four limbs. He was doing it before anybody was. And he was a great man, which influenced everybody around him."

While Mr. Blakey was a gifted and important drummer, his contributions to American music as a band leader and talent scout are equally important.

As a band leader, Mr. Blakey had a powerful influence on the way modern jazz is played, codifying the innovations of the bebop movement and integrating the drums into small-group arrangements that became the leading examples of what was called hard bop.

Tough and based in blues, his bands' arrangements were full of dynamic change and always swung hard. As a result, Mr. Blakey's bands were always popular, and from the '50s on Mr. Blakey was one of jazz's most important figures commercially.

Like no other band leader during

the last 40 years, Mr. Blakey also acted as a one-man university for young musicians. A partial list of the musicians he hired resembles a history of jazz from the 1950s to the present.

They included the trumpeters Kenny Dorham, Clifford Brown, Bill Hardman, Lee Morgan, Freddie Hubbard, Woody Shaw, Wynton Marsalis, Wallace Roney and Terence Blanchard; the saxophonists Lou Donaldson, Jackie McLean, Hank Mobley, Johnny Griffin, Wayne Shorter, Gary Bartz, Bobby Watson, Branford Marsalis, Donald Harrison, Kenny Garrett and Javon Jackson; and the pianists Horace Silver, Bobby Timmons, Cedar Walton, John Hicks, James Williams, Mulgrew Miller and Bennie Green.

"It's like the door is closed on a generation of musicians that were developed through Art's band," said the saxophonist Jackie McLean, who first played with Mr. Blakey in the early 1950s.

"Even when I was with Miles Davis, Art was the strength of the band. That was the first band I was in, and ever since then I've been trying to lead my band the way he has his."

Daniel Güit, 91, NBC Concertmaster  
NEW YORK (NYT) — Daniel Güit, 91, a violinist who was concertmaster of the NBC Symphony Orchestra under Arturo Toscanini and a founding member of the Beaux Arts Trio, died Sunday of a



The jazz drummer Art Blakey was also celebrated as a band leader and talent scout. He died Tuesday.

cerebral hemorrhage at his home in Manhattan.

Mr. Güit held an important position in the orchestral and chamber-music life of New York City from the early 1940s until his retirement from performing in 1969.

### Other Deaths

Jorge Bolet, 75, a Cuban-born virtuoso considered one of the leading contemporary exponents of Romantic pianism, Tuesday at his home in Mountain View, California, of heart failure.

Renand de La Gènerie, 65, the honorary governor of the Bank of France who retired Friday as honorary president of Compagnie de Financière Suez, the biggest holding company in Europe, Tuesday in Paris after a long illness.

## Kasparov-Karpov Game 3 Drawn

NEW YORK — The third game of the world chess championship between the titleholder, Gari Kasparov, and his challenger, Anatoli Karpov, ended in a draw Tuesday after 53 moves. It was adjourned on Monday night after 41 moves.

Mr. Kasparov was on the brink of victory and a commanding lead on Monday but blundered away most of his advantage in the closing seconds before the adjournment. Experts considered the escape a great moral victory for Mr. Karpov.

When the game resumed on Tuesday the majority of grandmasters predicted a draw, but they thought that the champion retained a slight chance of winning. Mr. Karpov showed his famous defensive prowess by neutralizing Mr. Kasparov's pressure and gaining a valuable half point.

The champion looked dispirited when the game resumed, realizing that he had spoiled a golden opportunity to take full control of the match.

GAME 3 KING'S INDIAN DEFENSE					
White Karpov	Black Kasparov	White Karpov	Black Kasparov	White Karpov	Black Kasparov
1. d4	Nf6	19. b3	e4	37. Bb4+	Ke7
2. e4	g5	20. Ne1	f5	38. Rd5	Bf6
3. Nc3	Bg7	21. Bd1	Ne5	39. Rxc5	Nc3+
4. e4	de	22. Ne2	Rxe2	40. Kf1	Bg6
5. Nf3	O-O	23. Qd3	Rxf1	41. Ne1	Kd6
6. Be2	e5	24. Nb4	e6	42. Ra5	f6
7. Be3	Qe7	25. Qxe6+	Kxe6	43. h3	h6
8. de	de	26. Nxa2	Nf7	44. Ng2	b5
9. Nd5	Qd8	27. Be2	Nd6	45. Ra6+	Ke7
10. Be5	Nxe4	28. Nb4	Bc3	46. Ra7+	Kd8
11. Be7	Qd7	29. Ne2	f4	47. Ra8+	Bd8
12. Bd8	Kf8	30. Rd1	h5	48. Nxe3	hxe4
13. Qc2	Ne5	31. f3	e3	49. Nxe4	g4
14. Rd1	Nc6	32. g3	g5	50. Kg2	Ne2
15. O-O	Nc6	33. Bd3	b4	51. Ne5	g5+
16. Nb6	a6	34. Kf1	c5	52. Kd3	g2
17. Rxd7	Bxd7	35. Kc2	b5	53. Rxd8+	Drawn
18. Qd2	Bd8	36. e6	Nxb5		

Mr. Kasparov leads the 24-game match by a score of 2-1 on the strength of a second-game triumph. The fourth game is scheduled for Wednesday.

The titleholder keeps the crown if the match ends in a 12-12 tie. This was the result of their previous encounter in Seville three years ago.

## Obscenity Rap for Music: 2 Live Crew Goes on Trial

Fort Lauderdale, Florida — Members of the rap music group 2 Live Crew have gone on trial, opening the latest chapter in a debate over local obscenity statutes and freedom of expression.

This case is different from the recent obscenity trial in Cincinnati involving an exhibition of photographs by Robert Mapplethorpe, an artist who was recognized by the critical establishment.

The music of the 2 Live Crew, released on a small, independent label, advertises itself as an expression of the black ghetto, not necessarily accessible to outsiders.

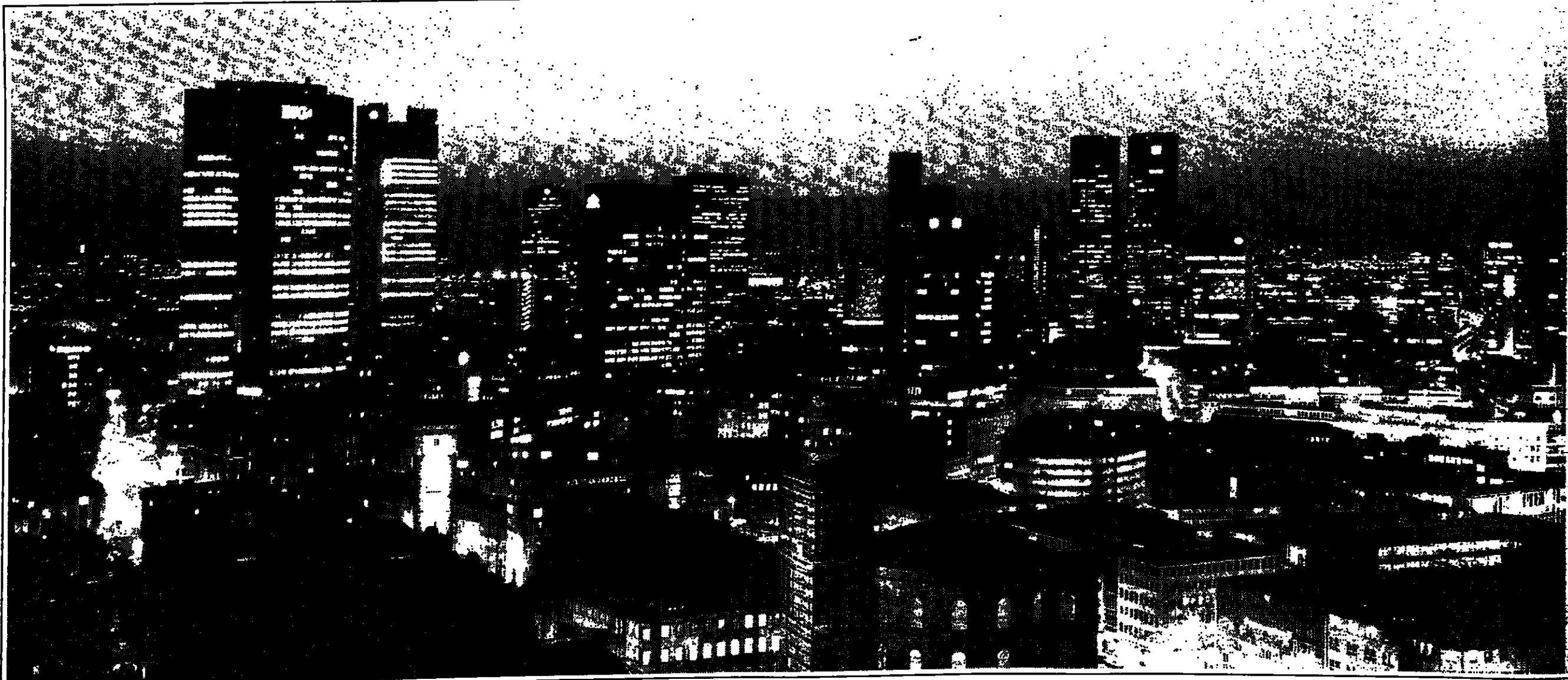
In his opening statement, Bruce Rogow, the lead attorney for the 2 Live Crew, told the jury that the group's performance had to be understood in the context of "hip hop," a form of popular music.

Some of the four-letter words the group uses, he said, "reflect exaggeration, parody, humor, even about delicate subjects" — for instance, sexual practices. "These words," he said, "as crude as some people find them, can have artistic value when you have an understanding — when you have them, in effect, decoded."

Mr. Rogow, who made the opening statement Tuesday, was also the attorney for the owner of a Florida record store who was convicted two weeks ago for selling a 2 Live Crew album, "As Nasty as They Wanna Be," that had been declared obscene by a federal judge. This time a 2 Live Crew act, which included four songs from that album, is on trial.

"The evidence is irrefutable," said the prosecutor, Leslie Robson, to the six-member jury. She was referring to a 45-minute audio tape of a performance the group gave at a nightclub June 10.

## City of Frankfurt during a power failure.



AEG secures power supply with its intelligent and environment compatible systems.

Of course: lights are on, lifts are working, computers are calculating and people are at work in hospitals.

The reason for that: AEG's highly responsive systems — developed with the aid of

modern technology and human intelligence — react immediately when needed to ensure a constant power supply.

Uninterrupted power supply is an important precondition for a modern way of life. But in times

of growing resource and environmental problems it is essential that available energy is used and distributed as efficiently as possible.

AEG's technical staff makes full use of the manifold applica-

tions of microprocessors, optical fibre cables and integrated control equipment. A wide range of installations, products and systems is designed in modern plants for an effective power distribution and

an economical use of resources.

AEG's experience thus guarantees that the availability of energy can be relied upon all times.

Future is redefining energy

# AEG

AEG, Member of the Daimler-Benz Group.



# Shutdown Looms As Budget Battle Shifts to the Senate

**The Associated Press**  
WASHINGTON — With the possibility of another government shutdown two days away, Senate leaders sought swift approval Wednesday for a \$250 billion deficit-reduction plan that would double gasoline taxes, cut Medicare health benefits for the elderly and disabled, and mildly boost income taxes on the wealthy.

The measure includes a broader-based tax increase than the House version approved Tuesday night. The House version would raise taxes on all but the poorest Americans. President George Bush has said he will veto the House measure, which passed by 227 to 203.

Senator Jim Sasser, Democrat of Tennessee and chairman of the Budget Committee, said: "We tell the American people that there will be some sacrifice in this package. But we tell them at the same time that it will be fair."

And the White House said the Senate version could form the basis for ending the government's long budget stalemate.

The White House is ready to receive the bipartisan package similar to the Senate package, said Mr. Bush's chief of staff, John H. Sununu. "Get it to the president's desk and he'll sign it."

Congressional leaders are trying to complete action on the tax increase — the second largest in history — before the government runs out of money at midnight Friday. Mr. Bush has vowed to let the government shut down for the second time in a month if Congress does not approve a deficit-reduction plan that he can accept.

Under the Senate plan, there would be limits on deductions for people whose incomes exceed \$100,000, but there would be no increase in tax rates for the rich, as the House approved. The 9-cent-a-gallon gasoline tax would be doubled, but the earned-income tax credit for the poor would increase, too.

The package would shave about \$250 billion from the federal deficit over the next five years by raising \$142 billion in new taxes and paring Medicare, farm support and other benefit programs. Savings in other bills — mostly military cuts — would bring total deficit-reduction to about \$500 billion.

**The Democratic Plan**  
*John E. Yang of The Washington Post reported earlier.*  
The House deficit-reduction package, crafted by Democrats, would raise income taxes on the wealthy and would provide tax breaks for poor and middle-class citizens. It is the largest package of tax increases and program cuts ever proposed: the vote by which it passed Tuesday followed party lines.

The voting followed an angry and partisan daylong debate colored by the Republicans' failure to produce an alternative plan that met the deficit-reduction target of \$500 billion over five years.

The House action sets the stage for an election-year collision with the Senate's bipartisan deficit-cutting proposal.

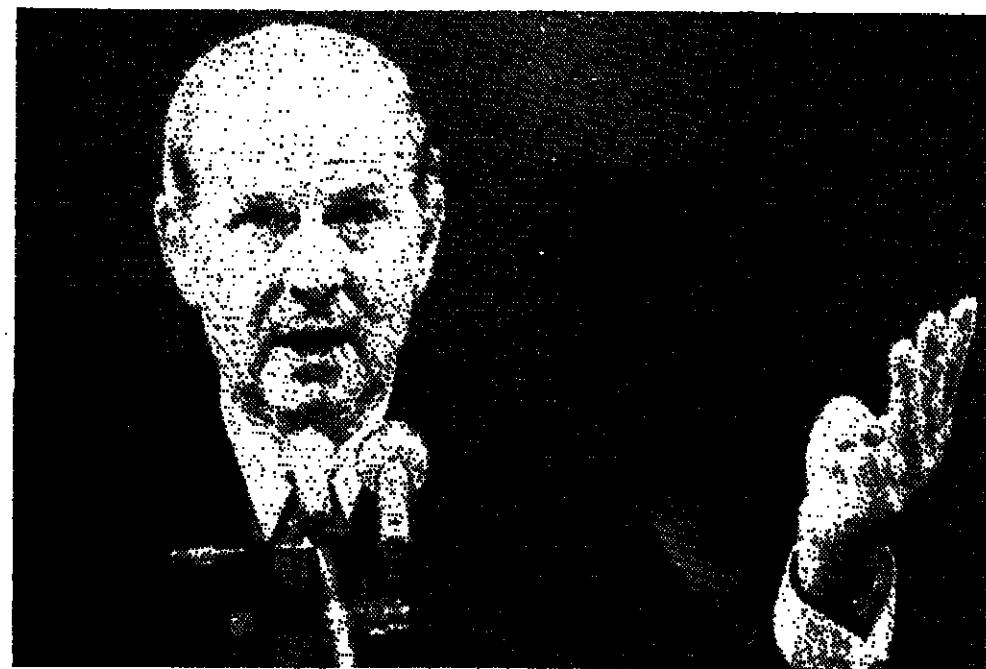
The Democrats pushed through a tax increase on working men and women," Mr. Bush said in a statement from the White House after returning from a campaign trip Tuesday night.

"We are at the present time in crisis," said Leon E. Panetta, Democrat of California and chairman of the House Budget Committee, during the often bitter debate. "A crisis in government, a crisis in the economy and a crisis in confidence."

The House package would generate \$175.4 billion in new tax revenue over five years, much of it through provisions that Mr. Bush has said he will not accept. It also includes \$26.8 billion in tax breaks for the working poor and a capital-gains tax cut for those earning less than \$150,000 a year.

Republican lawmakers pointed to the package as evidence that Democrats are big spenders and big taxers. "It is a textbook example of Democratic economic theory," said Representative Bill Archer of Texas, the Ways and Means Committee's ranking Republican. "Forget spending restraints, just say 'yes' to taxes."

The Republicans' failure to devise an alternative plan that met the deficit-reduction target underscored their general disarray on this issue. Because the Republican plan fell well short of the deficit-reduction goals, House Democrats would not allow it to be offered during the debate Tuesday.



The secretary of state told the Senate on Wednesday: 'I cannot give you a blank check commitment.'

## SANCTIONS: An Unexpected Cornucopia of Food in Baghdad

(Continued from page 1)

billions Iraqi dinars (about \$3.2 billion at the official exchange rate). There were similar bond issues, at interest rates of 10 percent to 12 percent, in the mid-1980s, when the treasury's reserves were drained by the costs of Iraq's war with Iran.

Other signs of incipient breakdown have been visible to foreigners traveling about the country on officially supervised tours.

Evidence of equipment failures is not yet extensive enough to suggest that the country's industries are grinding to a halt, or to suggest that its armed forces cannot cannibalize hardware to keep vehicles, aircraft and electronic systems running.

So far, the signs have been of a

country that is splintering, rather than pulling to a halt.

Mr. Hussein's problems go deep, however. The government began splurging on imported technology as its oil revenues went from \$21 billion, in 1970, to nearly \$10 billion, in 1977.

It has made little effort to build up inventories of spare parts, however. Even routine maintenance at major installations has been carried out by foreign contractors, who have brought in parts as required.

According to a German technician who was in Baghdad maintaining German-supplied turbines at an Iraqi hydroelectric project when the Kuwait invasion occurred, the power industry will be

an early casualty. "I know for sure of one turbine that is not working now for lack of parts," he said, "and there will be others."

"They never bothered to stock spare parts," he added. "They just told me, 'Order whatever you need, when you need it.' I'd be surprised if they have any of our turbines working by Christmas."

Other industries likely to be severely affected are petrochemical producers, agricultural processors and public utilities. The major petrochemical plants near Baghdad and in Basra, about 100 miles (160 kilometers) north, were built by companies from Britain, the United States and the Soviet Union. All are observing the embargo.

Mr. Baker parried suggestions about a formal mechanism with a rejoinder that he would have to look more closely at whether it would unduly inhibit the president's freedom to act swiftly in emergency situations.

"I cannot give you a blank check commitment that we will, in every case, do nothing until we have consulted with all 535 members of Congress," he said.

## WARNING: Congress Tells Baker It Wants a Say

(Continued from page 1)

The committee chairman, Claiborne Pell, Democrat of Rhode Island, said in concluding the hearing: "I want the record to show that I, for one, am not giving advance approval of a U.S. unilateral military action. If military action is required, the president should act in a multilateral context and under a UN mandate. In addition, a formal mechanism should be developed for consultation with the Congress if and when military options are considered."

Mr. Pell's call for a consultative mechanism echoed similar proposals in the Senate and the House for a bipartisan leadership group to consult with Mr. Bush while Congress is out of session.

At the hearing on Wednesday, Senator Richard G. Lugar, Republican from Indiana, said that if military action seemed necessary, "the Congress ought to come back into session and ought to entertain a declaration of war."

On the other side of Capitol Hill, the House speaker, Thomas S. Foley, Democrat of Washington, has also supported the idea of calling Congress back into special session if the Gulf crisis worsens in the next three months.

The one harsh note at the hearing on Wednesday was sounded by Senator Jesse Helms, Republican of North Carolina, the committee's ranking minority member. He sharply criticized the administration for improving its ties with President Hafez Assad of Syria, despite what Mr. Helms called Syria's attacks against the Christian community in neighboring Lebanon, and for supporting a UN Security Council resolution condemning Israel for the killing of a score of Palestinians in Jerusalem.

"What kind of policy do we have when it turns anti-Christian and anti-Jewish in a single week?" Mr. Helms asked.

## SIGNALS: West Is Off Stride

(Continued from page 1)

damian ruler said, he felt the Iraqi president was willing to leave most of Kuwait if some of his requirements were met. On the other hand, he emphasized, Mr. Hussein is willing to fight rather than walk away from Kuwait with nothing.

The mixed signals have also served to enhance tensions in the West by driving a wedge of sorts between those countries that have sent soldiers to Saudi Arabia and those that have refused or have been reluctant to do so.

"The Soviets and French are simply much more keen on letting the economic sanctions and diplomatic options run their full course than the British and the Americans," an envoy in Amman said.

"So Moscow and Paris have responded more enthusiastically and less skeptically to hints that a diplomatic settlement may be possible than Washington."

The softer line serves Iraqi interests in that it forces those who oppose the occupation to check continuously with one another to see that both currents in a delicately balanced alliance continue to emphasize determination to drive Iraq from Kuwait but do not appear insensitive to pursuing chances for a diplomatic breakthrough.

By setting up the possibility of a diplomatic and a military option for ending the confrontation, Mr. Hussein has left himself the greatest room for maneuvering.

## Congress Agrees on a Defense Bill

**The Associated Press**

WASHINGTON — The House and the Senate agreed Wednesday on a bill that finances limited work on the B-2 bomber while cutting nearly \$2 billion from the administration's request for the Strategic Defense Initiative program.

The \$289 billion military budget blueprint for fiscal 1991 came after nearly three weeks of bargaining and provided \$18 billion less than President George Bush had sought in January.

Among the other key provisions are a worldwide troop cut of 100,000, including 50,000 in Europe, and a significant reduction in Mr. Bush's proposal for land-based nuclear missiles. The legislation also includes \$403 million in research and procurement money for the V-22 Osprey, the tilt-rotor aircraft that Defense Secretary Dick Cheney has repeatedly tried to cancel.

Negotiators agreed to spend \$2.9 billion on the Strategic Defense Initiative.

## MANDELA: Magic Put to Test

(Continued from page 1)

return and accords struck one day with Pretoria seem to get bogged down the next in conflicting interpretations and red tape.

Mr. Mandela's difficulties were on display on Oct. 5, when he found himself facing a crowd of 25,000 mostly skeptical radical youths gathered in a stadium here to find out why he keeps talking about the country's political future to a government that most of them still regard as the enemy.

Mr. Mandela, delivering a "report back to the people" on the talks, was speaking in the Edenburg Valley just outside Pietermaritzburg in Natal province, where hundreds died last spring in fighting between partisans of the African National Congress and those of the Inkatha Freedom Party of Chief Mangosuthu Buthelezi.

Although his regal presence commanded the crowd, much of his audience seemed to question his logic. One moment he was accusing the government's security agencies of fomenting violence in Natal and in the townships around Johannesburg; the next moment he was arguing that talks with the same government should continue anyway.

"I will not allow anything to derail the peace process," he said, prompting murmurs of discontent. "But at the same time I must confess, I have asked myself the question whether any useful purpose is served in me having discussions with Mr. de Klerk about the peace process in this country."

"I am the last person to be expected to go on discussing with a government which fails to carry out its duties of maintaining law and order," he said. That hint of a break in the talks stirred one of the few rounds of applause Mr. Mandela received.

Meanwhile, the ANC, which was legalized last February, has been coming under attack from many quarters, including radical township youths, middle-class blacks, white liberals, white right-wing extremists and even its own grassroots organizers.

The right charges that the organization uses confrontational tactics: the white and black center say it has ambiguous policies and indecisive leadership, and black and white radicals say that it has poor organization on the ground.

In fact, the political violence that took more than 750 lives in the townships around Johannesburg in

have caught the ANC unaware and unprepared, exposing its weaknesses and internal confusion.

The organization's problems seem legion. The "old guard" leaders who had long lived in exile have returned to South Africa since the group was legalized, out of touch with the grassroots. They are being challenged by a new internal leadership sprung from groups such as the United Democratic Front, a coalition of hundreds of organizations that led the struggle inside the country from the mid-1980s.

Tension between the two factions is mounting as the African National Congress approaches its first national conference on Dec. 16, when a new leadership will be voted into office. Many "old guard" members on the national executive committee are expected to be forced into retirement.

There are also signs of tensions over whether South African Communist Party leaders should continue holding so many seats on the executive committee, where reportedly over half of its 37 members are declared or undeclared Communists.

Competing factions in the ANC are said to be at odds over whether the "armed struggle" should have been suspended, whether township self-defense groups should be armed and whether talks with the government are worthwhile.

Meanwhile, the ANC's recruitment has been sluggish. There is no nationwide membership figure available, but the number is unlikely to exceed 150,000 by much, even though hundreds of thousands of people have turned up for ANC rallies across the country since its legalization, and polls show it to be the clear favorite among the country's 33 million blacks.

Amid these difficulties stands Mr. Mandela, widely viewed as the linchpin of the organization. But he, too, has started to come in for criticism, mostly over his reputed authoritarian style of leadership. These ANC critics have said this had been evidenced in his strong-arm tactics used to promote his wife, Winnie, into top ANC positions.

Despite eight charges against her for kidnapping and assaulting four Soweto township youths, and despite significant grassroots opposition to her promotion, Mr. Mandela succeeded in having her named head of the ANC's social-affairs department and elected to its Johannesburg regional executive committee.

## Al Ahram Sees Jordan in Plot

**By Alan Cowell**

*New York Times Service*

CAIRO — As relations between Jordan and Egypt remain embittered and hostile over the Gulf crisis, Egypt's most prominent government-owned newspaper accused King Hussein on Wednesday as a co-conspirator with President Saddam Hussein of Iraq in the invasion of Kuwait.

The comment, in an editorial in the government newspaper, Al Ahram, was inspired by the Jordanian monarch's acknowledgment in a newspaper interview that he had known of the planned invasion several days before it happened on Aug. 2, and then had been promised by the Iraqi leader that Baghdad's forces would pull out of Kuwait if the Arab League did not condemn him.

Egypt led the so-called moderate bloc of Arab states opposing the invasion and has sent troops to support the American-dominated military buildup in the Gulf region. Jordan opposed the deployment of Arab forces and has been accused in the West of adopting an ambiguous stance.

The relationship between the erstwhile allies — once grouped with Iraq and Yemen in the now defunct Arab Cooperation Council — has worsened further in recent days with Egyptian assertions that Jordan plans to expel up to 70,000 Egyptians working there without the requisite documentation.

The Al Ahram editorial has added further strains because it is certain to be taken in Jordan as officially inspired in a region where newspapers and radio stations are frequently used by governments as propaganda tools.

"King Hussein's statements make it quite clear that Saddam decided to invade in July," Al Ahram said. "However, the Jordanian monarch continued to justify Saddam's action and even expressed his admiration for 'this new phenomenon in the world of Arab politics,'" quoting a term used by the king in the newspaper interview.

The Jordanian leader, Al Ahram said, had described the strong opposition to Iraq by President Hosni Mubarak of Egypt as retaliation for Baghdad's hostility toward Egypt in the late 1970s because of Cairo's peace accord with Israel.

"This, of course, reveals the role played by King Hussein in the 'Arab Conspiracy Council,' as President Mubarak described him," Al Ahram said, in a pun on the Arab Cooperation Council.

The newspaper also accused Saddam Hussein of lying about what he had told Mr. Mubarak before the invasion. The Egyptian leader has said he received assurances that Iraq would not invade as long as there was hope of negotiating an outcome to Iraq-Kuwait differences.

## Elite U.K. Unit Arrives

*James LeMayne of The New York Times reported from Saudi Arabia:*

The first units of the elite British 7th Armored Brigade flew into Saudi Arabia on Wednesday to join the buildup of military forces in preparation for possible war with Iraq.

Known as "The Desert Rats" for the brigade's hard-fought campaign against the German Afrika Korps in World War II, the British unit has been sent from Germany to join nearly 300,000 American, French and Arab troops already in place in the region.

"My forces are part of the allied team out here, and the team is quite capable of defeating Saddam Hussein," asserted Lieutenant General Sir Peter de la Billiere, the British commander for the Gulf theater, in a briefing earlier this week.

The multinational force faces an estimated 3,000 tanks and more than 400,000 troops sent by Mr. Hussein to invade and occupy Kuwait.

## Iraq Bars Withdrawal

Iraq on Wednesday strongly rejected suggestions that it might be willing to withdraw from Kuwait, Reuters reported from Nicosia.

## U.S. Will Admit More Refugees

*New York Times Service*

WASHINGTON — President George Bush has authorized an increase to 131,000 from 125,000 in the total number of refugees the United States will accept in the next 12 months. Among them, the entry of an additional 10,000 Soviet refugees will be financed by the federal government.

The president also authorized an increase of about 200 in the total number of East Asian refugees, mostly Vietnamese, who may be admitted to the country. The entries are to take place during the 1991 fiscal year, which began on Oct. 1.

Administration officials said the increase in the number of refugees who will receive federal assistance would have to be accomplished within a budget that will be at least \$45 million less than it was in 1990.

## An Iraqi Offer To British Wives

*The Associated Press*

LONDON — British women who approach the Iraqi Embassy for news of their husbands trapped in Iraq are being offered visas to travel there, a member of the Gulf Support Group said Wednesday. The group, created to help families of those held hostage in the Gulf, is advising women against going.

According to some news reports, as many as 15 British women are planning to make the trip. The Foreign Office announced Wednesday that it had no information on the number of women involved. But it, too, advised against the idea.

"We believe this is simply a cynical propaganda ploy," a spokesman said, speaking on condition of anonymity. "It is also very dangerous." Western men have been prevented from leaving Iraq and Kuwait since the Aug. 2 Iraqi invasion.

## Cali Overtakes Medellin in Drugs

*Washington Post Service*

CALI, Colombia — The cocaine network that takes its name from this city has become Colombia's largest, outstripping the Medellin group, according to Colombian and international narcotics experts.

A year ago the Medellin drug ring was believed to be responsible for about 75 percent of the cocaine shipments to the United States and Europe. Now, officials say, the Medellin share is below 50 percent.

The realignment is believed by

setting off a feud between the Medellin and Cali operations. "The Medellin cartel has begun to lose some of its members, and at the same time the power it exercises over the world distribution network," a recent Interpol report said.

**TO OUR READERS IN FRANCE**

It is never too late to subscribe and save with our new toll free service. Just call us today on 02 47 47 47.

## SUBSCRIBE TODAY AT UP TO 50% SAVINGS!

### IT'S QUICK.

Get better acquainted with the International Herald Tribune (IHT) with our special introductory offer for new subscribers. And as an added bonus, you'll receive up to 52 free issues for subscriptions of six months or more. Just refer to the chart and call the appropriate telephone number for your country. Tell the operator at Phone Service Europe you want to subscribe to the IHT and indicate the term you prefer. Pay conveniently by credit card. Or request an invoice for six and 12-month subscriptions. It's never been faster (with our new telephone numbers)

or more economical (with tremendous savings) to subscribe. Call today to start your IHT subscription for home or office delivery.

### IT'S EASY.

If you're on the go and don't have time to call, just complete the coupon below to start your subscription to the IHT. It's never been easier. Pay by check or credit card. Don't delay. Return the coupon now to start your subscription to the IHT at up to 50% savings.

Country/Currency	TELEPHONE NUMBER	12 months (+ 52 free issues)	ONE-YEAR SAVINGS (+ 26 free issues)	6 months (+ 26 free issues)	3 months (+ 13 free issues)
Austria A.Sch.	0222/6746.33455	5,100	3,272	2,800	1,500
—hand delivery Vienna A.Sch.		5,400	3,572	3,000	1,600
Belgium B.F.	03/371.0304	11,000	7,200	6,000	3,300
Denmark D.K.	00944/8.835643	3,100	1,248	1,700	920
Finland F.F.	99046/8.835643	2,000	1,276	1,100	600
France F.F.	05/437.457	1,600	1,312	880	485
Germany (incl) D.M.	013.02525	600	419	330	182
—hand delivery D.M.		798	561	389	204
Great Britain £	0800/700600	150	105	82	45
Greece (incl) Dr.	01/51.29005	40,000	32,800	22,000	12,000
—hand delivery Athens Dr.		50,000	39,800	26,000	15,500
Ireland £	—	155	105	82	45
Italy Lira	—	450,000	350,000	250,000	138,000
Luxembourg L.F.	32/3.2710304	11,000	7,200	6,000	3,300
Netherlands Fl.	055/21.2229	600	492	340	185
Norway (incl mail) Nkr.	09546/8.835643	2,500	1,668	1,400	770
—hand delivery Nkr.		3,000	1,968	1,650	910
Portugal Esc.	0094/1.5551085	31,000	30,000	17,000	9,300
Spain (incl) Ptas.	—	35,000	25,000	19,000	10,000
—hand delivery Barcelona Ptas.	91/5531085	38,000	28,000	20,000	11,500
Bilbao Seville Valencia Ptas.		51,400	—	25,740	12,870
Sweden (incl mail) Skr.	08/835643	2,200	1,440	1,210	665
—hand delivery Skr.		2,800	1,840	1,540	850
Switzerland Sfr.	046/055757	500	446	275	150
Rest of Europe, N. Africa, form. French India, Middle East \$	—	300	Varies by country	275	150
Rest of Africa, Gulf States, Asia \$	—	600	—	355	195
Central/Latin America \$	—	600	—	350	180

\* For information concerning special hand-delivery in major German cities call IHT Germany at (069) 69.48.92 or fax (069) 69.48.94. Rates do not include free issues.

\*\* At these rates, you can get morning hand delivery in the following cities: Oslo, Stavanger, Stockholm, Göteborg and Malmö.

\*\*\* At these rates, hand delivery is available by morning in Barcelona, the same day in Seville and Valencia and the next day in Bilbao. For Madrid, hand-delivery is available by morning, but without the free issues.

Yes, I want to start receiving the IHT. This is the subscription term I prefer (check appropriate boxes):

☐ 12 Months (364 issues in all with 52 bonus issues) ☐ 6 Months (182 issues in all with 26 bonus issues) ☐ 3 Months (91 issues in all with 13 bonus issues)

☐ My check is enclosed (payable to the International Herald Tribune).

☐ Please charge my: ☐ American Express ☐ Diners Club ☐ VISA ☐ MasterCard ☐ Eurocard ☐ Access

CARD ACCT. NO. \_\_\_\_\_ EXP. DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/CODE \_\_\_\_\_ COUNTRY \_\_\_\_\_

TEL. \_\_\_\_\_ FAX \_\_\_\_\_ 18-10-90

Return your completed coupon to: Subscription Manager, IHT, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. This offer expires December 31, 1990, and is available to new subscribers only.



## Herald Tribune

Published With The New York Times and The Washington Post

## Middle East Priorities

A blow has been dealt to the American policy of trying to separate the Gulf crisis from the Arab-Israeli dispute. This results from the Temple Mount confrontation in which Israeli police killed some 20 Palestinians who were throwing stones at Israeli worshippers. The United States chose to join the international protest — to strengthen but contain it and to keep the coalition in the Gulf solid. But Israel reacted strongly to the criticism of its police and, even more, to the inference that the inspection mission ordered by the United Nations Security Council challenged its claim to sovereignty over Jerusalem. To this was quickly added an American-Israeli spat over settlement of immigrants in formerly Arab East Jerusalem. Saddam Hussein can only be pleased to see the coalition formed against him diverted by a cascading sequence in Israel that embarrases the United States.

Israel and the United States both have a responsibility to get things back on track. Israel's part is to climb down from its high defensiveness about the United Nations secretary-general's emissary. Israel would be in a far better position to stiff the United Nations if it had not done its share in the last year to sideline American efforts to start up Israeli-Palestinian talks. The General Assembly has been grossly unfair to

Israel, but the Security Council has generally been kept honest by its Western members and in particular by the American veto. Rather than let its Palestinian and Israeli critics monopolize the emissary's ear, the Israeli government ought to make its Temple Mount case — which, as we have suggested, is not insubstantial. Israelis, who would benefit immensely from its success, can hardly want to be seen spoiling the campaign against Saddam Hussein.

The Iraq crisis happened to burst at a moment when American-Israeli relations had been soured by Israeli resistance to American attempts to ease the last year's Israeli peace plan. This makes things awkward now, but the United States, determined to bring about Iraqi compliance with UN resolutions on Kuwait, cannot evade an obligation to persuade Israel to comply with the UN resolution on Temple Mount. The effort may strain things further for a while, but it is the essential way to deflect Iraq's subversive purpose of subordinating the Kuwaiti question to the Palestine question. By word, tone and deed, the United States needs to convey that it has its priorities straight in the Middle East — first Iraq, then the whole Arab-Israeli dispute — and that it is serious about both of them.

— THE WASHINGTON POST.

## A Procurement Test

The Pentagon has spent \$2.6 trillion in tax dollars during the past decade. What have Americans been getting for their money? Many weapons needed for security, to judge from the Gulf crisis. But also some that can only make taxpayers wonder how much has been well spent.

The air, and sea, have made the most impressive showing by transporting a huge force rapidly to the Gulf. This immense enterprise, not yet well recognized, deserves extraordinary credit. Navy and Coast Guard vessels have shown their mettle by effectively blockading Iraq.

And many weapons should give Saddam Hussein pause, among them the vast array of attack planes now in striking distance of Iraq, and E-3 advanced warning aircraft, which alert U.S. and allied pilots to Iraqi aircraft and track them.

But some other weapons give evidence of a procurement process in need of repair.

The Army has sent new Apache helicopters to the Gulf, as its principal weapon against Iraqi tank superiority. Armed with 20-millimeter cannon, guided missiles and rockets and able to see in the dark, they should be well equipped for their critical mission. The trouble is that on average they need repairs after two and a half hours in the air. And that is under noncombat conditions, according to a General Accounting Office report. If that figure were not bad enough, the rotors have to be replaced every 164 hours, instead of 1,500 hours as promised.

The Army already has bought 700 or so, at a cost of \$12 billion. Instead of spending money to maintain them or getting the manufacturer to fix them, it is now ordering 66 more.

Another troublesome weapon is the latest-model Harrier fighter-bomber, which has cost \$7.8 billion to date. It takes off from aircraft carriers and can hover like a helicopter, but a critical component wears out much faster than it is supposed to. Yet the Harriers somehow passed inspection. Now that the Marine Corps may need every Harrier it can get for air cover, some of the planes have to be recalled and refitted.

And then there is the M-1 tank. The newest model is the best the Pentagon has for desert warfare at night. The only trouble is that the Air Force can load just two M-1s on its C-5 cargo planes — and just one on the new C-17. So the M-1 has to be transported by ship. But the Navy does not like to buy ships to transport tanks for the Army, so it has not bothered to spend all the money Congress appropriated for fast cargo ships. And the Army reserves that haul such cargo turned out not to be very ready. As a result, the new tanks have been slow indeed to reach U.S. forces in Saudi Arabia.

The Pentagon's overall response to Iraqi aggression shows that it has ample manpower and materiel and the transport to get them to faraway places rapidly. But the Defense Department's procurement process still retains some big, indefensible gaps.

— THE NEW YORK TIMES.

## A Bad Budget Bill

The U.S. House of Representatives has finally passed a \$500 billion deficit reduction package. But it is hard to take the bill seriously. It includes amendments imposing stiff tax increases, aimed at the rich, that are unlikely to pass the Senate and that President George Bush is sure to veto.

The principle of taxing the rich more than the poor to pay for deficit reduction might be noble, but the amendments amount to demagoguery. They would eliminate an increase in the gasoline tax, undermining energy conservation. They would postpone correction of the income tax code for inflation, leaving an invisible tax on the middle class. They would lower the capital gains tax for exactly the wrong kinds of investments.

The House plan was well designed to embarrass Republicans into voting against a package weighted in favor of the poor. The Republicans responded with some demagoguery of their own, proposing a deficit reduction package that pretended to cut the deficit without raising taxes.

Congress owes the country a responsible deficit reduction package. As the Friday deadline for closing down the government approaches, the country is still waiting.

Last month's budget summit produced a plan to cut the deficit by \$500 billion over five years. But it would have raised taxes on the poorest families three times as much as on the richest. That was the main reason the House rejected the package.

The alternative plan approved last week by the House Ways and Means Committee,

similar to one before the Senate Finance Committee, would have increased taxes on gasoline, alcohol, cigarettes and several luxury items. It would also have reduced the total amount of deductions for rich families and expanded tax credits for the working poor. Roughly speaking, it would have affected most income groups proportionately.

The plan voted in the House on Tuesday drops the tax increase on gasoline and postpones for a year the indexing of tax rates and personal exemptions for inflation. That is a cynical way to hit the middle class with an invisible rather than a visible tax. And it would also be a boost for energy conservation. The House plan would also raise the tax rate on the highest incomes to 33 percent from 28, and raise the tax on wealthy families that take advantage of enormous amounts of deductions and exemptions. But the Democrats surely know that Mr. Bush would veto any package that raised income taxes unless it also capitalized to his obsessive quest for a capital gains tax cut.

It is precisely on capital gains that the House plan reverberates with ignorance — or cynicism. It would allow individuals \$100,000 of capital gains free of income tax over a lifetime, but only on the sale of real estate, farms, businesses and timber, not stocks. The tax code already heavily favors real estate and timber. To direct more precious resources their way is shameful.

The budget clock is still ticking. Congress is still fooling around.

— THE NEW YORK TIMES.

## Other Comment

## China, Vietnam and Beyond

Prospects of improved relations between China and Vietnam are one of the most important developments in East Asia since 1945. A peaceful Indochina comprising Vietnam, Cambodia and Laos is bound to create conditions in which the political and economic role of the Association of South East Asian Nations may be further expanded, providing its six member states greater political and economic strength in East and Southeast Asia. It is clearly the beginning of a new balance of power in the whole region.

The participation of China and Vietnam

in trans-Pacific economic cooperation which the United States, Canada and Japan have been attempting to set up with Australia, Japan and New Zealand in the Pacific region may now become a distinct possibility, leading to the additional and important inclusion of both Hong Kong and Taiwan in this future arrangement. The strategic impact of better Beijing-Hanoi relations becomes even more apparent as both the Soviet Union and the United States work together toward reducing their military presence in the Western Pacific, rapidly substituting in its place enhanced economic and trade activity.

— Dialogue (Dhaka, Bangladesh).

## INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1959-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER  
Co-Chairmen

LEE W. HUBNER, Publisher

JOHN VINOCUR, Executive Editor • WALTER WELLS, News Editor • SAMUEL APT, KATHERINE KNORR  
and CHARLES MITCHELLMORE, Deputy Editors • CARL GEWIRTZ, Associate Editor •

ROBERT J. DONAHUE, Editor of the Editorial Pages • REGINALD DALE, Economics and Financial Editor

RENE BONDY, Deputy Publisher • RICHARD H. MORGAN, Associate Publisher •

FRANÇOIS DESMAISON, Associate Director • JULIETTA L. CASPARI, Advertising Sales Director •

ROBERT FARRÉ, Circulation Director, Europe • KOURT HOWELL, Director, Information Systems

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.  
Tel.: (1) 46.57.95.00. Telex: Advertising, 612395; Circulation, 612782; Editorial, 612718; Production, 630698.

Directeur de la publication: Richard D. Simmons

Editor for Asia: Michael Richardson, 3 Canterbury Rd., Singapore 0511. Tel: 472-7668. Telex: RS56923  
Ming. Dir. Asia: Rolf D. Knappe, 50 Gloucester Rd., Hong Kong. Tel: 9401. Telex: 262509  
Ming. Dir. U.K.: Gary Thomas, 65 Long Acre, London WC2E 9LT. Tel: 262509  
Gen. Mgr. W. Germany: W. Lauterbach, Friedhofstr. 15, 6000 Frankfurt/M. Tel: (069) 726753. Telex: 416721Pres. U.S.: Michael Curry, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 732-3800. Telex: 427173  
S.A. au capital de 1.200.000 F. RCS Nanterre B 73201126. Commission Paritaire No. 61337

© 1990, International Herald Tribune. All rights reserved. ISSN: 0094-8082.

## OPINION

## Plan Now for a Collapse of the Soviet Union

By Brian Beedham

LONDON — Take a deep breath, and say slowly: The Soviet Union is probably coming to pieces in front of our eyes.

It is not yet a certainty, but the odds are three or four to one that the Noble Experiment of 1917, the People's State, the Second Superpower, the beacon for two generations of foolish, dazed intellectuals, is nearing its end. It is becoming, in all likelihood, an ex-Soviet Union.

That was the easy part. Now take a deeper breath, and ask: How do Europeans and Americans plan to cope with this historic disintegration?

It is an extra reason for cursing Saddam Hussein that the Gulf crisis he has caused has distracted the world's attention from this potentially even bigger issue. There is no sign that any Western government has yet seriously started to make a list of all the things the disintegration of the Soviet Union could lead to, let alone work out how to cope with them.

The possible consequences range all the way from an apocalyptic nuclear civil war in the ex-Soviet Union — unlikely, on the whole, because the Russians can probably prevent Balts or Kazakhs or whomever from getting control of any nuclear arms — to the dreamy idea that President Mikhail Gorbachev might survive as a last symbol of the Soviet structure, a sort of lay Pope with no real temporal power who would occasionally emerge from his Vatican-in-the-Kremlin to go on popular tours around the world.

Leave aside the wilder speculation. If the neighbors of the collapsing giant are not to be caught by surprise, they had better make up their minds how they propose to deal with some of the entirely plausible results of this enormous event.

Any time now, for instance, there will be an appeal for emergency help to get the Soviet Union through the cold and hungry winter ahead. Most Western governments know the basic answer to this. It is no good putting aid into the hands of an economic system that will waste it. That means, among other things, not thinking that it makes sense to try to keep Mr. Gorbachev in power by pouring resources into the all-Soviet economy he has still done almost nothing to reform.

By all means be generous to places where the market takes over from the "planning" — meaning any parts of the ex-Soviet Union that break free from the Soviet system. Be ready also, in the name of mercy, to save people from actual starvation this winter even if they still live in unrefined parts of the country. If there is a case for that in Africa, so there is in Gorbachevland.

But recognize that this almost certainly requires sending not only food but also trucks and drivers to deliver the food to the needy — because in unrefined Gorbachevland the distribution system has collapsed.

What if this is not enough to stop a flood of refugees from trying to escape from the Soviet collapse? The case for generosity in accepting these people is also powerful, but it is worth bearing in mind who is chiefly being asked to be generous. The people who live along the Soviet border — Poles, Hungarians, Slovaks, Romanians — are themselves in far too much of an economic mess to take in hordes of Soviet refugees. They will try to wave the refugees on

westward, deeper into Europe, above all into rich, refugee-magnetic Germany.

This has far-reaching implications. The Germans, counting the cost of their own unification, will not take them all. Either the rest of Western Europe joins in a refugee-sharing scheme, or the Germans will shut their eastern gates. In which case the Poles, Hungarians etc. will try to shut theirs. The only way in which Europe can be successfully generous toward an influx from the east is to organize an all-European rationing plan. This has not even begun to be prepared.

The implications go further. With or without a refugee-sharing plan, the newly liberated countries of east-central Europe are going to be nervous about their Soviet border. These are the countries into which fighting might spill if part of the disintegrating Soviet giant started lashing out at another part. They will look westward for reassurance. They will not, and probably should not, be offered NATO membership. But it is in all Europe's interest for it to be made clear that no military alliance across their borders will be permitted. Turnover inside the Soviet Union, if it comes, must stay inside. Let NATO say it. Which leads to the biggest worry of all. What

is the answer to be if a part of Russia's empire breaks free from Moscow's control, fears that it is about to be dragged back by brute force, and appeals to Europe for help?

The plea might come from any of the three Baltic nations, from Georgia or Armenia or Moldavia, even from the Ukraine. Alas, the answer has to be coldly plain. Except in one circumstance, nobody is going to risk a Eurasian war, maybe a world war, by sending an army to intervene in the Soviet Union's agonies.

It might be different if the attack on the people crying for help seemed to be the preliminary to an attempt to restore Russian power over the whole of east-central Europe — the preliminary, that is, to an attack into Poland and Hungary and so on. That could justify an intervention. But nothing so desperate is likely to come from Moscow in the next few years.

The other side of the coin to Europe's insistence that it should be insulated from intra-Soviet violence is Europe's willingness to declare that it will itself keep out of that violence. This should be said clearly, and now.

One of the biggest events of the century may be about to take place on Europe's eastern doorstep. It is time we started to realize that, and to get ready for it.

International Herald Tribune.

## Lithuanians Are Not Impressed

By John Budris

VILNIUS, Lithuania — Few champagne corks popped in Lithuania at the news of Mikhail Gorbachev's Nobel Peace Prize. Consider his record in the last six months:

Lithuania declares a restoration of independence, and the Soviet Army invades Vilnius with tanks and paratroopers. The Russians seize printing presses and government offices and drag frightened boys back into the Red Army. There are MG overflights; helicopters scatter pro-Soviet propaganda leaflets. Western journalists are expelled and the press blackout begins.

When the Lithuanians still refuse to rescind their declaration of independence, Mr. Gorbachev orders a blockade that ruins the economy. He officially lifts it after his summit meeting with George Bush, yet he continues it in subtle but paralyzing ways. Even conservative estimates put the damage to Lithuania's economy in the billions of dollars. Simple good sportsmanship suggests that Mr. Gorbachev donate his \$700,000 prize to help offset what his embargo has created.

Tanks still casually patrol downtown Vilnius each evening, and several key buildings seized by the Soviet army in March have yet to be returned to the Lithuanians.

In southeastern Lithuania, the Lithuanian Communist Party, funded by Moscow, continues to provoke ethnic unrest among Poles and Russians. Contrary to the Lithuanian constitution, local councils still controlled by the Communist old guard declared two districts as autonomous

regions. These stunts, encouraged by Mr. Gorbachev, are inconsistent with the Nobel prize. In a telegram of congratulations, in which he addressed Mr. Gorbachev as "Your Majesty," Lithuania's President Vytautas Landsbergis, himself a nominee for the prize, expressed hope that the award would "widen neighborly relations between the Soviet Union and Lithuania and help restore Baltic independence."

So it is still not too late for Mr. Gorbachev to deserve what he has already won.

Along with his power to dissolve republics' governments and install presidential rule comes control over negotiations with Lithuania. Although it is the impression of the Western press that his power in the Soviet Union is slipping, his personal grip on Lithuania has not loosened.

The first round of talks between the Soviet Union and Lithuania ended with Moscow willing, in principle, to bargain. But in private Mr. Gorbachev views Lithuania as his colony and scoffs at its confidence in the influence of the West to help it during the negotiations. He will let it go only when compelled to do so.

Mr. Gorbachev's opportunities have been missed to pamper Mr. Gorbachev, the world's darling, the Nobel prize is another example. Unless he reverses his position and releases Lithuania with no strings attached, and soon, this will be the year he rode a tank through Vilnius on his way to Oslo.

The writer reports from Lithuania for National Public Radio in the United States. He contributed this comment to The New York Times.

## Israelis Need Outsiders' Pressure to Make Peace

By William Pfaff

PARIS — Wars virtually never produce the advertised outcome. War in the Gulf region may end Saddam Hussein's rule of Kuwait, but no "new world order" is going to follow so long as the fundamental problems of the region remain unsettled. President George Bush recognized this when he said he was willing to consider a Middle East peace conference after Kuwait was free.

That could be too late. The time to hold that conference is now. It should be called to complete the isolation of Saddam Hussein and prevent the Palestinian issue that provides his claim to wider Arab support. There are four principal causes of instability in the Middle East. The first is the fact that frontiers and political structures in the region are provisional and have been so since the end of the Ottoman Empire in 1918. They lack authenticity and permanence because they are the direct or indirect products of the European colonial period that lasted from 1918 to World War II.

A second is the discrepancy of wealth between the oil countries and the rest. A third is the conflict between religious fundamentalism and secular political forces. All these, which in their effects are related, are problems internal to the Arab world. They do not, or should not, directly concern the West.

The overriding problem during the last 40 years, however, has been the conflict between Israel and the Palestinians, in which the United States is deeply implicated as Israel's sponsor and protector. It is a permanent source of violence, and is also an alibi for the Arabs' failure to deal with their other problems, for which they are accountable.

The conflict between Israel and the Palestinians, and with the Arab world generally, is a recent affair, if a profoundly rooted one. By now it is loaded with hatreds, exaggerations, distortions and violence of every kind. But it is potentially soluble — soluble to mutual dissatisfaction, certainly, but soluble.

The general terms of a solution are internationally recognized. Israel yields the occupied territories to a Palestinian state; the Palestinians yield their claim on the totality of Israel; some accommodation of joint claims on Jerusalem is found.

Lebanon is a linked issue. Last

Saturday morning Syria completed its annexation of northern Lebanon by crushing the resistance of the last leader in Lebanon to defy its power.

General Michel Aoun, the United States and France, Lebanon's past protector, averted their eyes; Syria's President Hafez Assad — yesterday's Saddam Hussein — is now in the Western camp.

The Syrian president has created the "Greater Syria" that Syrians believe France robbed them of by establishing an independent Lebanon after World War I. He has been able to do so because of the Palestinian-Israeli conflict.

Expelled from Jordan in 1970, where it had become a state within a state, the Palestine Liberation Organization subsequently installed itself in Lebanon, provoking civil disorder and communal struggle there.

Syrian forces intervened in 1976 to check the power of the Palestinians, and have never left. Israel invaded Lebanon in 1978 and again in 1982 to accomplish the same end. That destroyed what was left of an independent Lebanon. The Palestinians transferred their struggle to Israel's

occupied territories. There will be no lasting settlement anywhere in the region until the Palestinian affair is settled. The time has arrived when this must be done.

The Soviet Union now is ready to play a constructive rather than destructive role. The Europeans have every reason to want peace on the Mediterranean's southern littoral.

Israel will furiously resist any international conference, just as it resists UN interference in its handling of Palestinian violence inside Israel. It is time to do Israel a favor. Israel is incapable of making peace on its own. The division of opinion within the country, combined with an electoral system of extreme proportionality, blocks Israel from constructive action of any kind.

It cannot make peace. It is caught in an irresolvable internal conflict while its international isolation mounts. Support even from the United States now is seriously compromised. Yet without the United States Israel cannot expect to survive the hostility of the enemies it defines.

If there is going to be peace, the international community will have to set the terms. If the Israelis can have peace forced upon them, with the Palestinians given meager satisfaction, an end might be put to this terrible era of international terrorism, recurrent Mideast war, and destruction of national communities.

The mere effort to do so would deprive Saddam Hussein of his principal source of political and moral sustenance in the Islamic world, completing the material blockade already in place. People object that a peace conference would reward Saddam Hussein. But put aggression against Kuwait on the agenda and he becomes a defendant. We might thereby escape that war of unforeseeable consequences that now awaits us in the sands. We might even discover ourselves nearer that "new world order" that Mr. Bush is anxious to establish.

International Herald Tribune.  
© Los Angeles Times Syndicate.

## Why Is Europe So Tough on Israel?

By Robert B. Goldmann

BRUSSELS — Reactions to the recent clashes on the Temple Mount in Jerusalem show again that West European countries are far more critical and demanding of Israel than America is.

President François Mitterrand of France was prompt to assert a right link between the Gulf conflict and the Arab-Israeli issue. West European foreign offices and the European Community in Brussels outdid one another in condemning the response of Israeli police to Arab stone-throwers. The resolution adopted with alacrity by the European Parliament had the tone of an avenging lord castigating his people for terrible sins. Britain and France put heavy pressure on the United States to toughen the wording of the UN resolution condemning Israel.

This is only the most recent sign of a mood in Western Europe, and especially in the European Community, in favor of "punishing" Israel for its policies and actions in Jerusalem and the occupied territories.

Last year the Community suspended its extensive scientific and technological exchanges with Israel. In 1986, the European Parliament failed to approve a request by member states for the United Nations to annul its 1975 resolution equating Zionism with racism.

While the Community's suspension of scientific cooperation continues, Israel is thought to be close to concluding just such an agreement with the Soviet Union.

The Community seems to have only one view of the Arab uprising in the occupied territories: It pits freedom-loving Palestinians against oppressive, brutal Israelis. Com-

plainties do not seem to count. And the intifada, or Israel's response to it, is almost invariably cited in explaining the Community's attitude toward the Jewish state.

That explanation is not persuasive. Anti-Israel bias, particularly among the Socialist, Christian groups in the Strasbourg parliament, began long before the intifada.

The United States, Canada and other non-European democracies, have not held back criticism of Israel, whether in relation to its actions in the territories or to its policies on the future of the territories and a settlement of the conflict. But they have done it in a context that takes account of the difficult situation in which Israel finds itself, and have not sought to "punish" Israel.

The question is why countries where Jews suffered such pain less than 50 years ago are more critical and demanding of the Jewish state, and less willing to listen to it, than are countries with far less historical reason to be helpful.

Sometimes the answer is that Israel is not the Jew, and to oppose Israel is not to be anti-Semitic. For some this may be an honest answer, but Jews did it too pat. It ignores how deeply the creation of Israel is rooted in the genocide of Europe's Jews.

There is a lot. Western Europe depends on imports from the Gulf countries. But the United States is also a heavy importer of oil from the region, and it has encountered few problems from the oil producers despite its staunch support for Israel. The United States still manages to be a friend, today even a shield, of the oil-producing states of the Gulf.

Some people note that in America

there is a powerful Jewish lobby, which does not exist in Europe. But to attribute U.S. foreign and security policy to one lobby, or to suggest, for example, that the state of Wyoming, with few Jewish residents, has more reason to be supportive of Israel than, say, France or Spain, is to advance a bizarre argument.

It is observed that some important EC countries are Mediterranean powers, directly interested in good relations with the Arab states on the sea's eastern and southern shores. But how then to explain the attitude one sees in the not very Mediterranean foreign secretary of Britain, Douglas Hurd, who, speaking before the Temple Mount clashes, criticized Saddam Hussein and Israel in the same breath?

Then there is the fading memory of the Holocaust, and "Israel fatigue" — a feeling that Israel is always getting in the way. And nationalist attitudes are on the upswing in some European countries; those folks never did like Jewry.

Yet all of it does not add up to an answer to the question of why Israel is so hard-pressed in a continent where it ought, perhaps more than elsewhere, to find support.

One may have to look elsewhere, to such comments as "We expect more from Jews and Israel" — a demanding master's prejudice, but prejudice nevertheless. Were the heady days of admiration for those Jews who made the desert bloom just a brief interlude, not the fresh start that so many thought had been made after the war?

The writer, European representative of the Anti-Defamation League of B'nai B'rith, contributed this comment to the International Herald Tribune.

## The Debate On Decline Continues

By Hobart Rowen

WASHINGTON — The appalling inability of the Bush administration and Congress to work out a sensible program to cut the huge national budget deficit raises new questions about the American condition. Is the country's economic system showing basic flaws, just when oppressed peoples in the Soviet Union and Eastern Europe look to capitalism as their savior? Is the United States a second-class power?

The historian Paul Kennedy, in his 1987 book "The Rise and Fall of the Great Powers," suggested that America was likely to suffer the same fate as Spain and England, drifting into second- or third-rank status through what he called "imperial overstretch."

Mr. Kennedy's thesis has gained support from those who see not only an American economic decline but also an almost mirror-image rise of Japan. Some feel that Japan in many ways is already number one.

In "The End of the American Century," a former Morgan Guaranty vice president, Steven Schlosstein, tells a story that made the rounds in Washington last year:

George Bush suffers a stroke, making Dan Quayle acting president. Recovering three years later, Mr. Bush asks Mr. Quayle how the budget deficit is doing. "With help from Japan it's down," Mr. Quayle answers. "And inflation, interest rates and the trade deficit are down, too."

"Great," sighs Mr. Bush. "How much is left?"

"About two hundred yen a quart," Mr. Quayle answers.

To Mr. Schlosstein it is more than a joke. He sees the yen replacing the dollar as the most important currency, as today's industrial, technological and financial strength to dominate the international political system.

Not everyone agrees with the "declinists." A number of scholars argue that things aren't that bad, or, if they are, they can be corrected. Joseph S. Nye Jr., in "Bound to Lead," asserted that the United States, while needing to correct obvious failings such as its dismal educational system, poor savings record and concentration on short-term profits, was still unique and would remain the most influential country in the world.

Among others more optimistic than Mr. Kennedy are two old Washington hands of differing political persuasion, Henry Nau, associate dean at George Washington University, who served on Richard Nixon's National Security Council from 1981 to 1983, and the Harvard professor Richard Cooper, who was undersecretary of state for economic affairs in the Carter administration.

Mr. Nau, in a book entitled "The Myth of America's Decline," argues that Pax Americana has not been replaced by Pax Nipponica but by "a Western era in which non-Communist and now reforming Communist countries increasingly share American purposes." Like Mr. Nye, he contends that America's real power in the world is based not so much on material strength as on its political leadership.

The "golden age" of America's influence from the end of World War II to the beginning of the Vietnam War came about, Mr. Nau argues, because the United States inspired the reconstruction of Europe and Asia through the Marshall Plan. Economic growth soared as America pursued free trade, stable prices and limited government interference with markets.

Mr. Cooper looks to a future in which America seeks to share global power with a stronger Japan and Germany, instead of concluding that a collision is inevitable.

In a debate last November with Mr. Kennedy before a congressional subcommittee, Mr. Cooper contended that the perception that America is on a downward trend comes from a political "hype" of the '50s and '60s. He pointed out that during the last 25 years many other countries, not just Japan and Germany, have been growing faster than the United States.

Thus there has been a relative decline in the U.S. share of global production. Later on, Japan and Germany will also be in relative decline as other countries catch up in technological superiority. "There is nothing that we can do about it, and we should adapt our thinking to whatever consequences should flow from that," Mr. Cooper said.

But even the optimists should worry about the current mess in Washington: a complacent attitude toward budget deficits and toward the need to boost productivity and reshape the educational system can spell disaster. To the rest of the world, Americans look ungovernable.

The Washington Post.

## 100, 75 AND 50 YEARS AGO

## 1890: A Papal Protest

ROME — The Pope has just completed an Encyclical. It is addressed to the Italian Bishops and people, and says that the end of the present policy of the Government is the de-Christianization of the Italian people, and will ruin the country religiously, morally and politically. His holiness draws a gloomy picture for the future. He concludes that Rome should be restored to the Pope, as the dualism of the two Governments is impossible.

## 1915: Bright Prospects

NEW YORK — There is every indication of a very active autumn and winter business in America. Commercial Agencies report actual gains in all quarters, with brightening prospects and cheerful sentiment. The success of the Franco-British loan assures stability of the foreign exchange and the continuance of the enormous exports of foodstuffs and commodities, which in a year have

paid off our current indebtedness to Europe and given us a credit of a billion dollars. The making of this loan to our most important foreign customers makes assurance double sure for a protracted period of prosperity.

## 1940: Burma Road Open

LASHIO — The Burma munitions route, which linked the port of Rangoon with Chungking, nationalist China's capital, was reopened to traffic today (Oct. 18) in defiance



OPINION

Questions About the Gloom In Certain Chatty Quarters

By Richard Harwood

WASHINGTON — Writers and editors of The Wall Street Journal, The New York Times and The Washington Post, contrary to myth, are engaged in no conspiracies and do not wash their brains in the same ideological tub each day. They tend to be an independent-minded bunch. But we have common interests in the great game of politics and in the intellectual fads that it inspires from year to year.

Our newest preoccupation is the sickness of democracy in America. The Post's political coverage this fall is presented in the context of "an age of cynicism" and alienation.

The Journal, elaborating on that theme, reports from the West Coast under a "cynicism" headline that "if California is the harbinger of the political future — a role it has frequently played for two generations — we're in for a dreadful decade. The mood is palpably ugly and mean-spirited. Most voters are contemptuous of politicians."

The Times concludes that government "has reached a state of paralysis."

Recent studies by the Markle Commission on the Media and the Electorate and by the Times Mirror Center for the People and the Press elaborate on these analyses. If that is not enough, you are referred to my own apocalyptic ramblings on the subject.

What we are all "discovering" is that the great American public, in the main, is not much interested in politics and government, thinks politicians are "full of baloney," as the Republican chairman Lee Atwater puts it, and has grown apathetic toward the responsibilities of citizenship. Politics, in a word, is becoming increasingly irrelevant to their lives.

In the search for answers and scapegoats, we point our fingers at television with its "sound bites" and its corruption of the young who, by the age of 18, often

have spent 18,000 hours (more than two years of their lives) with eyeballs glued to the tube, that is almost 50 percent more time than they will have spent in school.

We damn political candidates and their handlers for taking a "low road" and alienating The People. We exorcise "special interests" and the corruption of "big money."

Symptoms of our "malaise" come easily to hand and fall glibly from our word processors. People are reading fewer newspapers and watching the evening news in diminishing numbers, thus denying themselves the benefit of our wisdom. Fewer and fewer are voting, fewer and fewer know whether Bob Dole is a U.S. senator or a pineapple packer. Those who prefer a House debate on C-Span to professional wrestling are outnumbered by the I've-seen-Elvis cult.

For a time, just after the 1988 election, we seemed to have found the big worm in the apple: "negative" ads on television, symbolized by the George Bush campaign and its Willie Horton spot. If such junk were driven from the air, we declared, things would be O.K. A lot of ink was used up on that theory. But we are coming to realize that the problem is a bit more complicated and that we have not yet asked all the right questions.

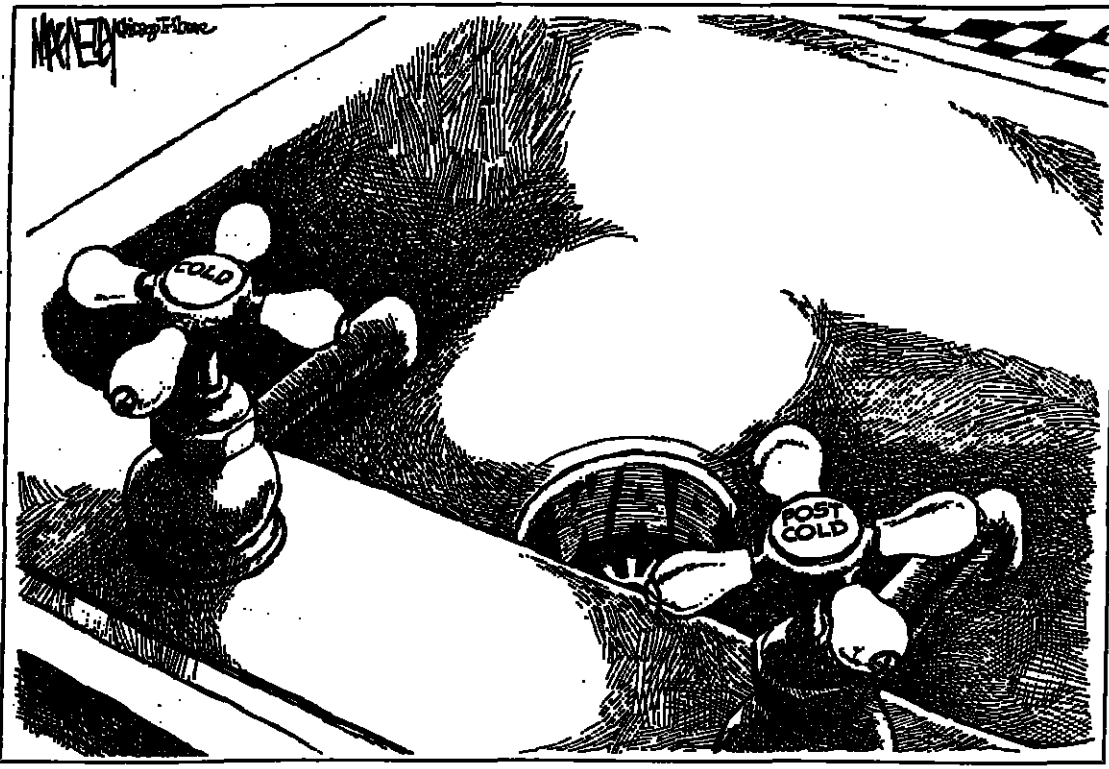
One question that true democrats dislike to contemplate is this: If millions of voters are as politically illiterate and indifferent as polls show them to be, why should their failure to mark a ballot be regarded as a "problem" rather than a blessing? The American political system was created — and the First Amendment adopted — on the theory that democracy's success depended on an informed citizenry, not on the participation of every inmate in the asylum.

That was the rationale for restricting the franchise through most of America's history. The generations now living will not raise the voting age to 21 or disqualify people on grounds of incapacity, but that is no reason to romanticize universal voter participation or to assume that it would produce better outcomes than turnouts of 40 or 50 percent.

Another subject we have insufficiently explored is our own role in the present "malaise." We find it logical that a Willie Horton ad on television affects votes. But we do not find it logical that our own "negativism" and "cynicism" toward public figures and public affairs rub off on the masses.

We create pictures of the world in which politicians are fools and rogues and in which bureaucracies from the Pentagon to the sanitation department are overrun with corrupt or incompetent parasites. Our credo is that the only way to look at a politician is down. The smirk is a metaphor for our trade. If The People are "alienated" and if the mood is "ugly," should we be surprised?

The Washington Post.



Doggedly the Married State Survives Sunday Evenings

By Ana Veciana-Suarez

NEW YORK — Doubt dismounts, armed and dangerous, on Sunday evenings. Always, without fail, I suspect it of many crimes: anger, resentment and indifference, callousness and inconsideration, selfishness and indolence.

Sunday night is when I invariably ask myself the question: Is this why I married? To scrape grease from pots? To mop sticky floors? To mend the little rip

MEANWHILE

in his slacks? To make sure his children have school projects done, lunch money in book bags, and shoes and socks lined up for the morning?

I don't know why it happens Sunday nights. Maybe it has to do with the moon and the tides, or the general letdown of yet another week gone by. The relentless passing of time can whittle away even the stalwarts of lust and passion.

And so it was on a Sunday evening when I read about a national study that proves that marriage adds years to men's lives. Of course, I thought, it puts them on easy street. Maid, nurse and lover enter the scene with a solemn "I do."

The study, by epidemiologists at the University of California at San Francisco, found that unmarried, middle-aged men were twice as likely to die as those who had spouses. Marriage apparently engenders better living habits. Gone are the fatal single-life vices of more drinking, smoking and party snacks.

But our society, men generally are not able to take care of their everyday needs," the author concluded.

Need I add: Women can take care of their own and, of course, their spouses'. The author adds: "Men derive a lot of social support by being married, but women have a more widespread social support system outside marriage."

I have long believed that the institution of marriage benefits the husband more than the wife, and that despite a social conspiracy to prove otherwise it is the men who chase and the women who are caught — or, more precisely, snared.

Misconceptions of marriage are many, and all come back to the myth that men have promulgated over the centuries: All women want to be wed; they're after us. Men repeat, as if to convince themselves, that when men marry, the poor guys enter, maybe not a dungeon of dullness, but at the very least a plain, windowless room with little freedom, no excitement and fewer possibilities.

Male bachelorhood has been romanticized as the easy, carefree life, a hedonistic existence filled with parties, fast cars, available women and outlandish pads. Well, I have news for you, fellas. We have seen your apartments, driven your clunkers, spoken with your exes. We know life to be otherwise. We are wising up. We are checking the ledger and demanding to know what's in it for us.

The advantages of marriage for men are so numerous, so comprehensive, so enticing that we could fill every page of this newspaper, including the space reserved for advertising. A longer, healthier life is just one of many. There are others.

Sex is better. Meals are more nutritious. Holidays are more fun. Nights are less lonely. Promotions come faster. Stability is rampant.

Of course, all this holds true for women, too, and it is this knowledge that battles and bludgeons my dangerous doubt each and every Sunday evening. Always, without fail.

True, the relentless passing of time may whittle away at the old stalwarts of lust and passion, but it also has added certain touchstones and markers to my life. Like mending and floor-mopping. Like lunch boxes and book bags. Like firm, steady, unflinching love.

Cox News Service.

LETTERS TO THE EDITOR

Tap Some Foreign Brains

In the report "New Threat to Soviet Union: Intellectual Exodus" (Oct. 9), Carey Goldberg writes: "Mr. Gorbachev argued that Soviet scientists should receive substantial raises and better working and living conditions to encourage them to stay home."

But perhaps the exodus should be considered as part of the natural and healthy process of a country seeking a new equilibrium. To compensate for the brain drain, the Kremlin should encourage foreign intellectuals to come to the Soviet Union. History shows that most advanced countries have benefited from the exchange of ideas and expertise with other parts of the world. A challenge for Mr. Gorbachev is to find ingenious ways to encourage other nationals to visit or live in the Soviet Union — admittedly, not an easy task.

J. A. JORGENSEN, Brussels.

Cultivated Dependence

A. W. Samii (Letters, Oct. 2) says pro-Israel pressure on the United States "imposed dependence that has kept Saudi Arabia" from building forces adequate to defend itself. Yet Saudi Arabia has obtained huge amounts of arms from America and other countries; it has spent far more than Israel on arms for decades; it has about three times the potential military personnel; it can fully mobilize with only slight economic impact; it has a large landmass.

While Israel is expected to defend itself against Iraq and other Arab countries, Saudi Arabia requires assistance.

The Saudi military is as courageous and as skillful as any. But the government has cultivated a dependence because it knows that the United States and others are profoundly concerned with Saudi security.

TESSA L. AUMAN, Eilat, Israel.

For a Jerusalem Hospital

I would like to appeal to their excellencies King Fahd of Saudi Arabia, Sheikh Jaber al Ahmad al Sabah, emir of Kuwait, and Sheikh Zayed bin Sultan al Nahayan, president of the United Arab Emirates, on behalf of Makassed Charitable Hospital in Jerusalem and the Palestinians of the occupied territories.

Makassed is the only full-fledged Palestinian hospital in Jerusalem and the main health institution for the West Bank and the Gaza Strip. Without the intensive care that it offers, the toll of intifada victims would have been several times what it has been, and many Palestinian civilians would have been left with virtually no health facilities.

Makassed's annual budget is about \$30 million. It is running desperately short of medical supplies and has been unable to pay its staff for the last two months.

GEORGE SALEM, Treasurer, United Palestinian Appeal, Washington.

It Wasn't Ike's Doing

I was startled to see that David S. Broder lists the "GI Bill" as being among the monuments of the Eisenhower presidency. Millions of ex-GIs pur-

sued their education (I was one) with the help of the so-called GI Bill of Rights, and bought houses with the help of GI loans, years before Dwight Eisenhower became president.

I am far from wishing to detract from Mr. Eisenhower's record, but the original legislation popularly known as the GI Bill of Rights was the Servicemen's Readjustment Act of 1944. If credit goes to the incumbent president for things that happen on his watch, then credit for this should go to Franklin Roosevelt.

JOHN J. STURM, New York.

The Other Yeats

It was with great satisfaction and pleasure that I read Richard Birchall's piece (Weekend, Oct. 12) on the Irish painter Jack B. Yeats, but I would have entitled the article "The Other Yeats: Neglected Artist" rather than "The Other Yeats: A Rising Star." I was attending the James Joyce symposium in Monaco last June when this Jack Yeats exhibit was officially opened by Prince Albert and Princess Caroline. During the week I visited this exhibit a number of times and came away convinced that the world has been focusing on the wrong Yeats for a number of decades.

STEPHEN J. JOYCE, Paris.

For a National Lottery

Washington wants to increase revenue as painlessly as possible. Why not a national lottery? The infrastructure already exists — the Internal Revenue Service. Here is how it could work.

Allow households to contribute say, \$50 to a "national lottery fund" in addition to their income taxes. (This would help solve another problem: By enticing people to file returns, the government recovers some of the tens of billions of dollars lost each year.) The IRS could select weekly, monthly and annual winners by drawing Social Security numbers out of a bowl. Names would be published in the news media. (This would encourage people to read, watch or listen to the news — something else which is not all that bad.) This idea is no more ludicrous than the notion that the government of a world power should function responsibly.

CHRISTOPHER HOLSHK, Wiesloch, Germany.

Planned Improvisation

In "It's Not Just Rock 'n' Roll, and He Likes It" (Oct. 12), Mike Zwerin quotes Paul Simon as saying, "Improvisation is too good to leave to chance." That, we are told, put a point on Mr. Zwerin's face. Mr. Zwerin is a first-rate writer on music and also a jazz musician. He should reconsider the remark.

As an organizer, I studied with Jean Langlais, whose lessons in improvisation were memorable. A good improviser does not just let the muse inspire him (although there are what painters call "happy accidents" during a performance). It has to be planned; the melodic and rhythmic elements must be rehearsed and polished. So maybe even a jazz musician can learn from rock?

WILLIAM PRUITT, Vincennes, France.

WE CAN GIVE YOU 4 MILLION REASONS TO STOP TERRORISM.



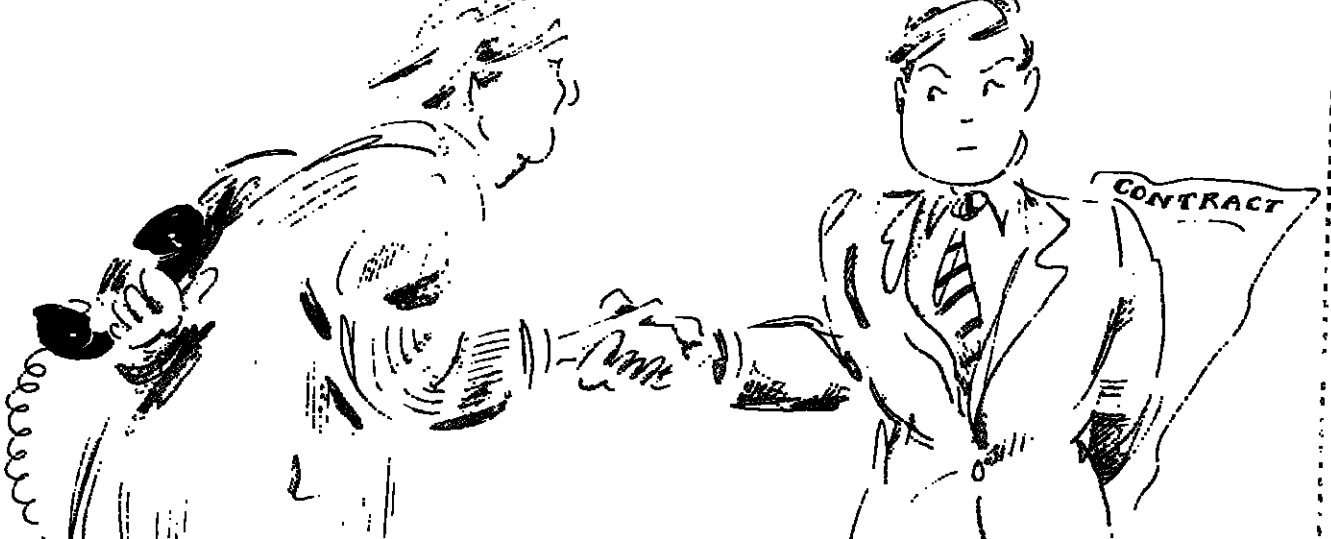
REWARD OF UP TO \$4 MILLION.

The United States government, airlines, and airline pilots all want your help in stopping terrorism aimed at commercial air travel, and they are willing to pay for it. If you have information that leads to the arrest or conviction of any person who has committed a terrorist act against U.S. air carriers you may be eligible for a reward of up to \$4,000,000. The U.S. government also can provide for the protection of identity and the possibility of relocation for persons and their families furnishing such information.

Any person with information should contact the nearest United States embassy or consulate or write to: Program Director, P.O. Box 96781, Washington, DC 20090-6781, USA.

Program developed and funded by: Air Line Pilots Association and Air Transport Association in coordination with U.S. Department of State.

Open Market or Open Warfare?



Get the truth about Europe in the Financial Times. The voice of authority in a changing Community.

Is deregulation something you should cheer or fear? It depends entirely upon how prepared you are for the battle of the open market. For instance, do you really know what your foreign rivals are doing right now? Which of your domestic competitors are they talking to? What alliances are they making? And what plans have they for stealing your customers?

Read the Financial Times daily and we'll provide the strategic intelligence you need to defend your markets and expand abroad. We'll also tell you how the battleground is being prepared in Brussels — analysing how each new directive affects Europe's business — and you.

And, with almost 300 full-time editorial staff worldwide, we'll explain how businesses like yours are restructuring management and revising marketing operations to exploit the single marketplace.

It's this kind of authoritative reporting that has made the FT required reading amongst Europe's chief executives.

Indeed, a full 72% of our senior businessmen readers in Europe are at board director level.

Find out for yourself why these top decision-makers rely on the FT for insight, analyses and hard business news.

Subscribe now. And be sure to take advantage of this introductory offer. Get your first 12 issues free by simply completing and returning the coupon below to Gill Hart or by calling: Frankfurt (069) 75980.

One market. One newspaper.

It's time you subscribed to the Financial Times. 12 issues absolutely free with your introductory subscription. Delivered to your office with our compliments.

To: Gill Hart, Financial Times (Europe) Ltd., Guilletstrasse 54, D-6000 Frankfurt am Main 1. Tel: Frankfurt 75980, Tx: 416193. Fax: Frankfurt 722 677.

YES, I would like to subscribe to the Financial Times, Europe's leading business newspaper and enjoy my first 12 issues free. I will allow up to 21 days before delivery of my first copy. Please enter my subscription for 12 months at the following rate:

Austria	OS 5,225	Greece	DR 50,800	Spain	Plus 81,900
Belgium	BFR 11,950	Italy	LR 510,000	Sweden	SEK 2,300
Denmark	DKK 2,950	Luxembourg	LFR 11,950	Switzerland	SFR 900
Finland	FMK 1,890	Netherlands	DFL 770**	Turkey	TL 420,000
France	FFr 1,750	Norway	NOK 2,300		
Germany	DM 635	Portugal	ESC 41,000		

☐ Bill me ☐ Charge my American Express/ Diners Club/Eurocard/Visa Account ☐ Card Expiry Date

Name on Card \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Billing Address \_\_\_\_\_

\*Currency rates are only valid for the country in which they are quoted. Subscription prices and promotional rates are valid until 30th December 1990. \*\*Excluding V.A.T.

Please tick here for more information about 6 and 24 month subscription rates, or rates for a country not listed opposite. (please specify) \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_ Tel \_\_\_\_\_

Address to which I would like my Financial Times delivered: \_\_\_\_\_

Please reply by 29th December 1990.



## HEALTH/SCIENCE

## New Report Intensifies the Warnings on Global Warming

By William K. Stevens  
New York Times Service

**A**FTER two years of study, an international group of scientists working under United Nations auspices has found that global warming could cause serious environmental damage starting in the early years of the next century, long before the maximum temperature levels predicted by many scientists are reached.

For the first time, they recommended establishing limits for average global temperature and sea level. These limits are well below the levels that another international scientific panel said last June would ultimately result if heat-trapping gases, mainly carbon dioxide, continue to pour into the atmosphere at present rates.

A report issued Tuesday also includes a de-

tailed analysis of measures that might bring the expected warming under control and concludes that if the measures are aggressively pursued, the limits can be achieved.

The conclusions, recommendations and supporting analyses will furnish grist for the Second World Climate Conference starting in Geneva on Oct. 29, sponsored by the United Nations, at which governments from around the world expect to take the first steps toward a treaty aimed at controlling global warming.

Two international groups of scientists have been studying the problem, both with UN sponsorship.

One, part of the Intergovernmental Panel on Climate Change, was formed in late 1988 to advise the governments attending the World Climate Conference.

The other, which was formed in 1986 and was

the progenitor of the intergovernmental panel, has no government affiliation but rather is an association of independent scientists called the Advisory Group on Greenhouse Gases.

The independent group's report, issued Tuesday in London, Stockholm and New York, goes beyond the assessment of the intergovernmental panel, made public last June.

Among the practical measures that the scientists said might be taken to limit the warming were improved energy efficiency, greater reliance on natural gas, reforestation and the adoption of alternative energy sources that are both technologically and economically feasible. The sources include solar, wind, geothermal and biomass technologies.

"Limiting emissions so we can stay below the minimums should be attainable," said Michael Oppenheimer, senior scientist for the Environ-

mental Defense Fund, who was the chairman of the working group on control measures.

In June, the scientists advising the intergovernmental group predicted that under what it called the "business as usual" scenario, the average global temperature would rise by nearly 2 degrees Fahrenheit (about 1 degree Celsius) by the end of the next century. The rate of increase, which scientists say is as important as the absolute increase because of the difficulty of adjusting to rapid climatic change, was predicted at about half a degree per decade.

In the new report, the independent scientists said that to minimize the risk of environmental damage, the rate of increase should be held below one-fifth of a degree per decade. An absolute increase beyond 1990 of more than about 2 degrees above pre-industrial levels, it

said, "may elicit rapid, unpredictable and nonlinear responses that could lead to ecosystem damage." Nonlinear responses means, for example, sudden jumps in temperature rather than gradual increases.

The report last June said that the world is already warmed by about half a degree since the start of the industrial age began. Scientists do not know whether this rise is due to human activity or to natural climate variability and is therefore, possibly, temporary.

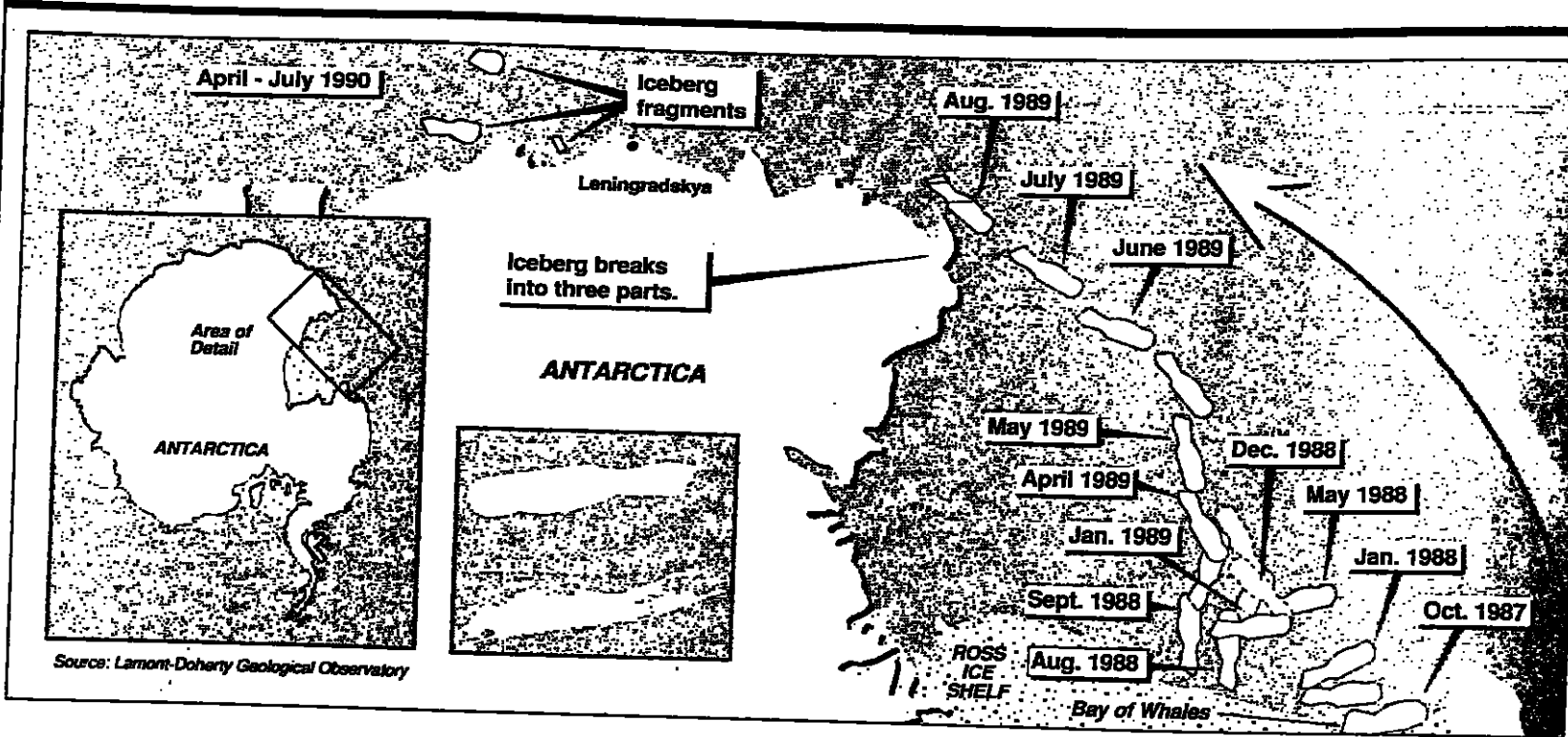
The report said that the atmosphere may already contain enough heat-trapping gases to push the global temperature above the danger target.

"This means that unless we take very prompt and significant actions to reduce greenhouse emissions, we're very likely to experience the

effects," said Peter Gleick, a co-chairman of the working group on targets. He directs global environmental programs of the Pacific Institute in Berkeley, California.

The report established an "upper limit" of about 3.5 degrees in temperature increase since the start of the industrial age "beyond which the risks of grave damage to ecosystems, and of nonlinear responses, are expected to increase rapidly."

Not all authorities were initially prepared to give it unqualified endorsement. "It sounds as if they've taken the worst-case scenarios and tried to make the case for a maximum effort," said William D. Nordhaus, a Yale University economist. He cautioned that he had not yet had a chance to read the report. He has headed a number of National Academy of Sciences panels looking into global warming.



## Iceberg's Odyssey Yields Wealth of Climate Data

By Malcolm W. Browne  
New York Times Service

**A**N iceberg the size of Long Island that broke away from Antarctica three years ago appears to have bogged down in pack ice, but during its 1,250-mile (2,000-kilometer) trip, the floating island has given scientists a wealth of data about some of the polar ocean currents believed to influence global climate.

Scientists from New Zealand's Conser-

vation Department, Columbia University's Lamont-Doherty Geological Observatory and the U.S. Joint Ice Center report that satellite observations of the iceberg's progress have established the existence of a complex system of currents along the Antarctic coast. The scientists report in the journal Antarctic Science that the nature and extent of these currents had previously been only surmised.

The iceberg, designated B-9, broke away from the Ross Ice Shelf in the early autumn of 1987, changing the outline of the conti-

nent and obliterating one of its salient features, the Bay of Whales. Its size attracted interest as soon as it was spotted in a satellite picture. It was then 96 by 22 miles, and 750 feet deep (155 by 35 kilometers, and about 230 meters deep). Last year it broke into three pieces.

Tracking B-9 became especially accurate after a radio beacon was dropped on it. Its movements over a three-year period demonstrated the existence of four separate currents in the region, the scientists said.

The ebb and flow of Antarctica's ice sheet is of great interest because of its

relationship to questions like global warming. The Antarctic ice sheet, which covers the continent, contains about 90 percent of the world's ice. Its melting would greatly alter the earth's sea level and climate.

At present, this ice sheet is believed to be more or less in equilibrium; as glaciers, ice tongues and the great ice shelves slowly dump ice into the sea, snow falling over the ice sheet replenishes it at about the same rate. But determining if there is any imbalance in this rate is a complex problem scientists are urgently seeking to solve.

## 3 Americans, a Canadian Win Nobels in Sciences

By Laurinda Keys  
Associated Press

**S**TOCKHOLM — Two Americans and a Canadian shared the Nobel Prize in physics for finding the first evidence of quarks, and an American won the Nobel in chemistry for developing simpler ways to make complex chemicals.

The Americans Jerome I. Friedman and Henry W. Kendall and the Canadian Richard E. Taylor shared the prize in physics for showing that protons and neutrons are made up of smaller particles called quarks. Quarks are now believed to be basic building blocks of matter.

The American Elias James Corey was the prize in chemistry for research that simplified the production of plastics and other artificial fibers, paints and dyes, pesticides and drugs.

The Swedish Academy of Sciences, which awards both prizes, said theories and methods developed by Dr. Corey "have contributed to the high standards of living and health and the longevity enjoyed... in the Western world."

The two prizes, announced Wednesday, are worth about \$800,000 each.

The academy said of the physics laureates' work: "Here was a repetition, although at a deeper level, of one of the most dramatic events in the history of physics, the discovery of the nucleus of the atom."

"Their experiments showed definitively that there were smaller particles than protons and neutrons," said Professor Coenraad Dr. Friedman, 61, of Chicago, and Dr. Kendall, 61, of Boston, are professors at the Massachusetts Institute of Technology. Dr. Taylor, 60, who was born in Medicine Hat, Alberta, is a professor at Stanford University.

The discovery was made during research begun in 1967 at MIT and Stanford using Stanford's linear accelerator that produces high-speed collisions of subatomic particles in an effort to discern their properties and structure.

Dr. Friedman, ranked in Fort Worth, Texas, said he was "very, very overwhelmed" at winning the Nobel. He said the research began with a study of pions. "To our surprise, we found that the scattering of electrons from protons behaved in a way that suggested that there were point-like objects inside, little nuggets inside. They were later identified... as being compatible with these being quarks," he said.

It was the first experimental evidence that quarks existed and confirmed earlier theories Dr. Friedman said.

Asked the meaning of the research, he said it contributed to the understanding of "how nature works." He added: "One never knows what the application of basic research will be. Knowing what the structure of matter is, ultimately has to have some effect on how

you model the entire structure of things."

Dr. Taylor, contacted at home in Stanford, California, said he was surprised to learn he had won the prize. "It's a big deal," he said. "On the other hand, I know a great many people who have won the Nobel Prize. It's a great honor."

Dr. Taylor said he was most influenced by W. K. H. Panofsky, former director of the Stanford Linear Acceleration Center. "It was his vision and hard work that generated the accelerator to do the experiment," he said.

**D**R. COREY, 62, of Harvard University, has synthesized about 100 important drugs and other natural products, the academy said.

Dr. Corey's method of synthesizing chemicals is called retrosynthetic analysis. To make biological molecules in the laboratory, he analyzes their structure and works backward to identify simpler molecules he needs to construct them.

"It is one of the prerequisites of our civilization," the academy said of Dr. Corey's work. The field has been rewarded with the Nobel Prize seven times before.

"This is a statistically improbable event. There are so many scientists who are so deserving," Dr. Corey said today of winning the Nobel. He said people have said for years that he might win. "But I have maintained solid skepticism."

1. Crafted in black, all-grain leather with gilt-metal corners, this handsome address book will go with you anywhere.

2. Plenty of pockets provide easy storage for business and credit cards, stamps, notes, tickets, receipts and more. Lined in blue silk.

3. Ring-binder pages are quick to add, update or rearrange.

4. You will have enough spacious pages to display over 600 names, addresses and phone numbers. Refill with standard loose-leaf sheets.

5. Laminated tabs let you turn right to the names you need.

6. A built-in note pad, complete with refill sheets, keeps jotting paper on hand.

7. This stylish, gilt-metal pencil is convenient for all your notations.

8. The pages include a guide to the International Calling Codes of 32 countries for fast reference when you're calling abroad.

9. Designed to a compact, efficient size of 11 x 17.5 cm (4.5 x 7 in) when closed, this book fits comfortably in your briefcase, handbag or luggage.

10. Leather pencil band and snap enclosure keep everything in place when you're on the move.

## Finally, an executive address book that has everything you're looking for, plus a little more.

No doubt, most professional address books have too many of some features and not enough of others.

But we don't think you'll feel that way about the new executive address book from the International Herald Tribune. It's a beauty. And perfectly balanced (as we have pointed out above) with all the features you need — and, we believe, a few extras.

It is compact, portable and complete, which makes it well suited for your travel and every day use. And it's a great gift idea as well.

Order yours today. As a special bonus, we'll imprint your initials in gold on the cover.

YES, THIS IS THE IDEAL ADDRESS BOOK FOR ME.

Please send me \_\_\_\_\_ Executive Address Book at U.S.\$45 each plus postage: US\$5 in Europe; US\$8.50 each outside Europe.

NAME \_\_\_\_\_ 18-10-90

ADDRESS \_\_\_\_\_

CITY/CODE \_\_\_\_\_

COUNTRY \_\_\_\_\_ TELEPHONE \_\_\_\_\_

Free monogram in gold (max. 3 initials)

Payment by credit card only. Please charge to:

☐ Access ☐ Eurocard ☐ American Express ☐ MasterCard ☐ VISA ☐ Diner's Club

CARD NUMBER \_\_\_\_\_ EXP. \_\_\_\_\_

SIGNATURE \_\_\_\_\_

**Herald Tribune**

Return your order to: International Herald Tribune, Special Projects Division, 181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

## 'Sticky' Blood Linked to Heart Attacks

By Elisabeth Rosenthal  
New York Times Service

**F**OR years, cardiologists had a nagging sense that a big piece of the puzzle of why people have heart attacks was missing. Although doctors conventionally attributed heart attacks to severe narrowing of the heart's arteries from fatty deposits, they found in studying the coronaries of heart attack victims that the vessels were often relatively clean.

Doctors now believe they are on the trail of the missing piece. It lies not in the heart but in the blood. In recent years, blood clots that plug the heart's tiny arteries have emerged as the prime culprits in perhaps 80 percent of heart attacks, and smaller clots appear to contribute to the more chronic process of hardening of the arteries, or atherosclerosis. Now cardiologists have collected evidence that the blood of heart attack victims may form clots too readily and stick with unusual tenacity to vessel walls, blocking the arteries of the heart.

"We're changing the way we view cardiac events," said Dr. Geoffrey Tofler, a cardiologist at the New England Deaconess Hospital's Institute for Prevention of Cardiovascular Disease in Boston. "People have been aware that the traditional risk factors have not explained all heart attacks and an appreciation of new blood risk factors is filling the gaps."

Blood factors are "critical in heart disease," said Dr. Valentin Fuster, chief of the division of car-

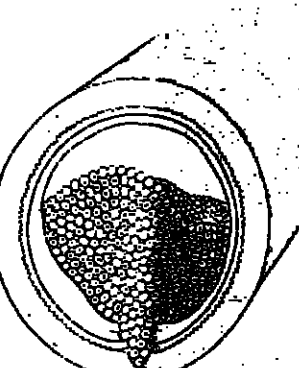
diology at the Mount Sinai Medical Center in New York. "When we have looked inside of the heart's arteries, we have seen that clots play an important role."

By combining new insights about the importance of blood clots with old wisdom about hardening and narrowing of the arteries, scientists have developed a compelling model for the genesis of heart attacks: overly aggressive blood clots grow out of control on top of a longstanding high cholesterol deposit.

Research trials of new screening techniques and drugs to interfere with clot formation are in progress, although full benefits are a few years away. At several research hospitals, cardiac patients have their blood scrutinized for qualities that promote vigorous clot formation, in addition to undergoing traditional blood pressure and cholesterol checks. For example, scientists look for platelets that are abnormally sticky, or unusually low levels of tissue plasminogen activator, a naturally occurring compound that destroys small clots as they form.

The first concrete evidence that clots were critical came more than 25 years ago when Dr. Paris Constantides, a pathologist now at Louisiana State University, studied coronary arteries of heart attack victims at autopsy. In every case, he found a clot plugging a vessel in a region already narrowed by a patch of atherosclerosis, called a plaque.

"You had to have the plaque along one side of the artery to have a cardiac event," Dr. Constantides said in a recent interview, but



Rupture attracts platelets, which may block artery.

narrowing due to hardening of the arteries "wasn't the problem." When the transient clot was removed "some of the vessels were still 70 to 80 percent open," he said.

At the time, most doctors felt the finding was an artifact of the autopsy. It was not until recently that research on live patients revived and ultimately vindicated his work. Then about 10 years ago, some cardiologists injected dye into the coronary arteries of patients with heart attacks in progress. Later in the decade doctors were able to insert fiber-optic tubes right into the heart for an even better view. In each case they saw clots.

For doctors who remained unconvinced, a series of studies in the last five years have shown that new "clot busting" medicines successfully aborted a number of heart attacks in progress. These drugs, including streptokinase and genet-

cally engineered tissue plasminogen activator, are now routinely used to treat certain heart attacks in early stages and have saved thousands of lives.

The accumulating evidence has led to an explanation of heart attacks that is elegant, simple and compelling: areas of blood vessels that are covered in fatty plaques, or atherosclerosis, become brittle, like egg shells, losing the normal elasticity of the artery's walls.

These regions crack and fissure when the vessel is stretched, such as when the blood pressure climbs naturally in the morning or rises in response to emotional stress. Tiny rifts may even erupt many times a day, exposing a substance called collagen lying deep in the blood vessel wall. The exposure of collagen, the new theory holds, sends an alarm to circulating blood components called platelets, tiny clumps of protein whose function is to plug up holes in the body, whether rifts in deep arteries or cuts in the skin.

The tiny platelets flock to the damaged wall, filling the rift with their globular bodies and beginning the production of a clot. Scientists now believe that most heart attacks occur when a clot intended to plug a hole in an artery wall grows too aggressive, blocking the entire passage and suffocating the part of the heart downstream.

Platelets attract other platelets as well as numerous clotting factors, all of which stick together furiously to form a clot. To keep this potentially dangerous process under control, the body produces other substances to limit clot formation.

**ACROSS**

1 Crow  
5 Pork delicacies  
10 Slow way to China  
14 Large hall  
15 Scoops  
16 Not fooled by  
17 Deepot  
18 Exclusive  
19 Bakery employee  
20 BLUE ROT

23 Suffix for treat  
24 Drink served in a Toby  
25 "What place soever," 6-9  
26 Barren  
28 U.S. industrialist: 1889-1879  
33 Pigeon's home  
35 Headland  
36 SAD REDS  
40 Crane  
41 Diagnostic aid

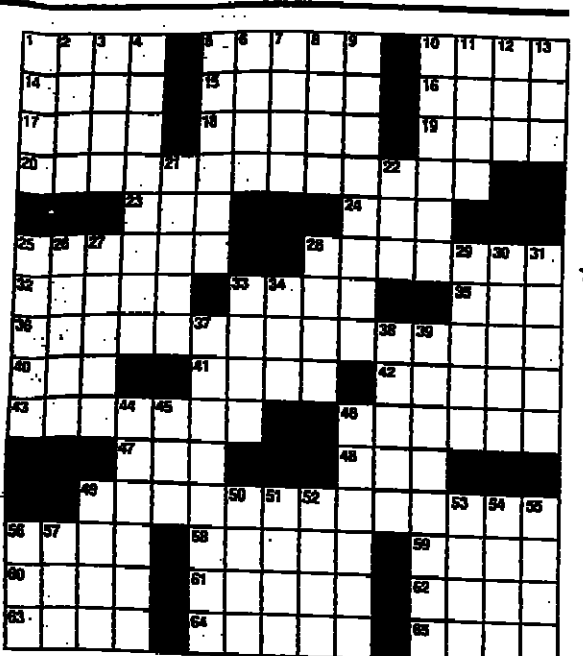
42 Daughter of Louis XII  
43 Slunk  
46 Asps  
47 Fix, in a way  
48 Imitate  
49 EAST ST.  
50 Word in mystery titles  
58 Assault  
59 Informal farewell  
60 Related  
61 "on his very absence": Shak.  
62 Part of Q.E.F.  
63 Merit  
64 Submarine detector  
65 Valley

**DOWN**

1 Goes to the plate  
2 "... dew will them": Shak.  
3 Turkish regiment  
4 U.S. abolitionist: 1805-79  
6 Thin pancakes  
6 Border guard's command  
7 German boundary river  
8 Small amount, in Madrid  
9 Located  
10 Kind of plate or room  
11 Formerly  
12 "... o cara," Bellini aria  
13 Rocky peak  
14 Applying  
15 Wheat, in Nice  
16 Cal. and M.I.T.  
18 U.S. historian: 1840-1914  
19 Floor, in France  
20 Remain  
21 A Castle  
22 Type of beam  
23 Curves  
24 Sermit  
25 Two — kind  
27 Critical interpretation  
28 Shed drops  
29 Said over  
30 Dahl, for one

**Solution to Previous Puzzle**

ARCO IRATE SHAW  
ARCO NOVEL HALO  
ITSNOTWILLPOWER  
TENSPEEDTRONED  
TEEN SOOT  
MCCANNANTE CAM  
EARN AURA WERLE  
THATALLFOUSWEE  
ROSS NOUS VIEIE  
OWS DEER SEES  
ALTEMA CASUISTS  
BUTTISWORTPOWER  
EROS EPODE NERO  
LIENT DATED SEA



© New York Times, edited by Eugene Maletsky.

45 Little fox  
46 More immense  
48 — were (seemingly)  
50 Fix over  
51 Bond's school  
52 Type of bank  
53 Famed Irish hill  
54 Catchall abbr.  
55 Cloy  
56 Slutz or Essex  
57 Alias



هكذا من الأصل

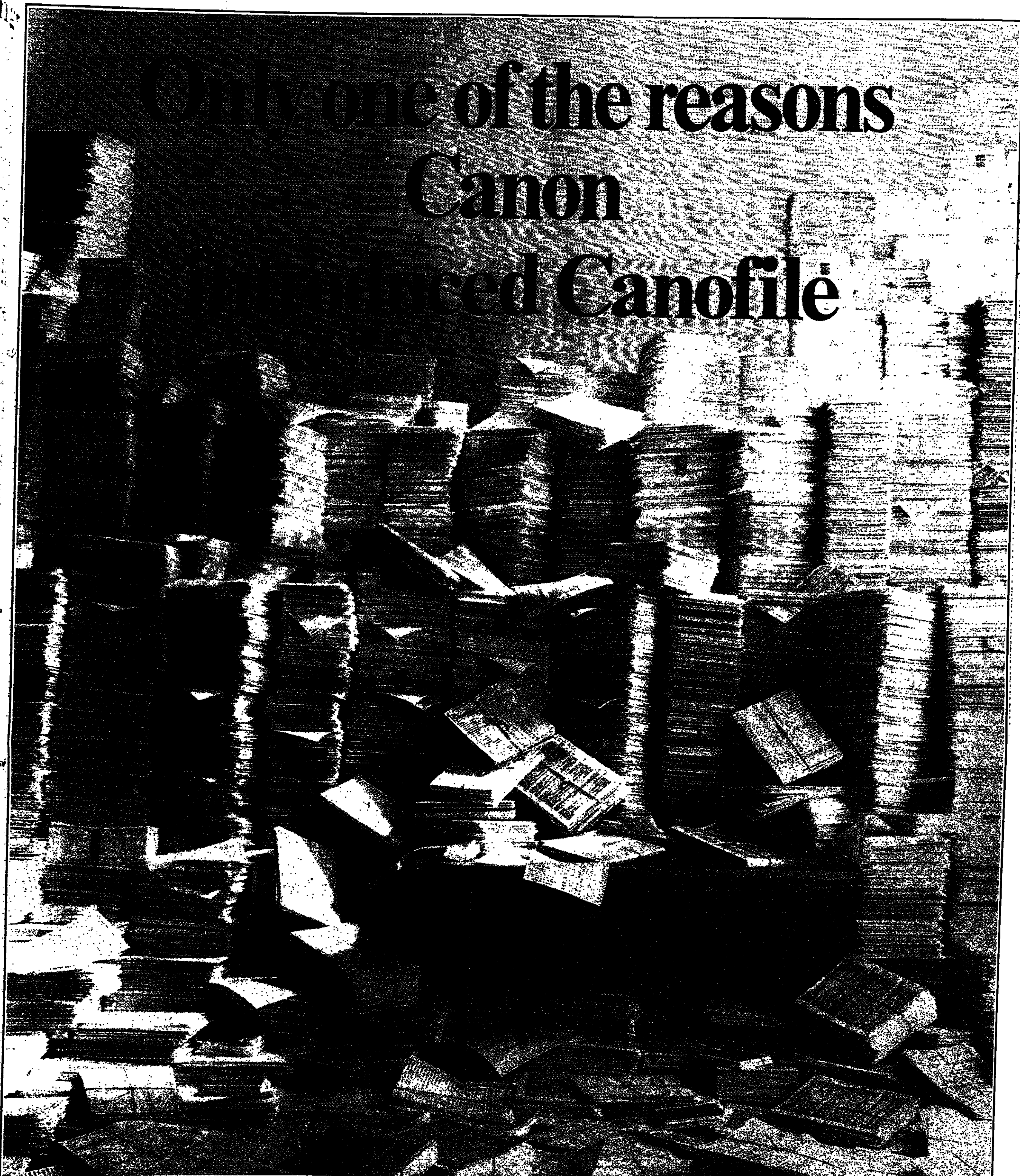
arming

at all  
science

D

At the

et  
)  
d  
n  
y  
n  
a  
al  
at  
re  
se  
rn  
da  
it-  
ia-  
nis  
197  
his  
the  
ce-  
ag-  
in  
go  
Se-  
ints  
yan



When you're faced with piles of paperwork, the hardest problem is where to file them. You end up with a messy desk and cluttered filing cabinets, which makes it almost impossible to find even yesterday's documents, let alone last year's!

Canon's simple solution is the Canofile 250 electronic filing system. It uses the advanced optical disk technology for fast and reliable high-volume storage. There are many more reasons why Canofile

is the best choice. It's a super-compact, desktop system. Emphasises is on ease-of-use, for both storage and rapid retrieval. Plus you get high-quality printouts in just a few seconds.

So when it comes to efficient office document archiving, choose the advanced yet affordable solution. The Canofile 250 cleans up your desk - and, at the same time, puts all your office documents within easy reach.

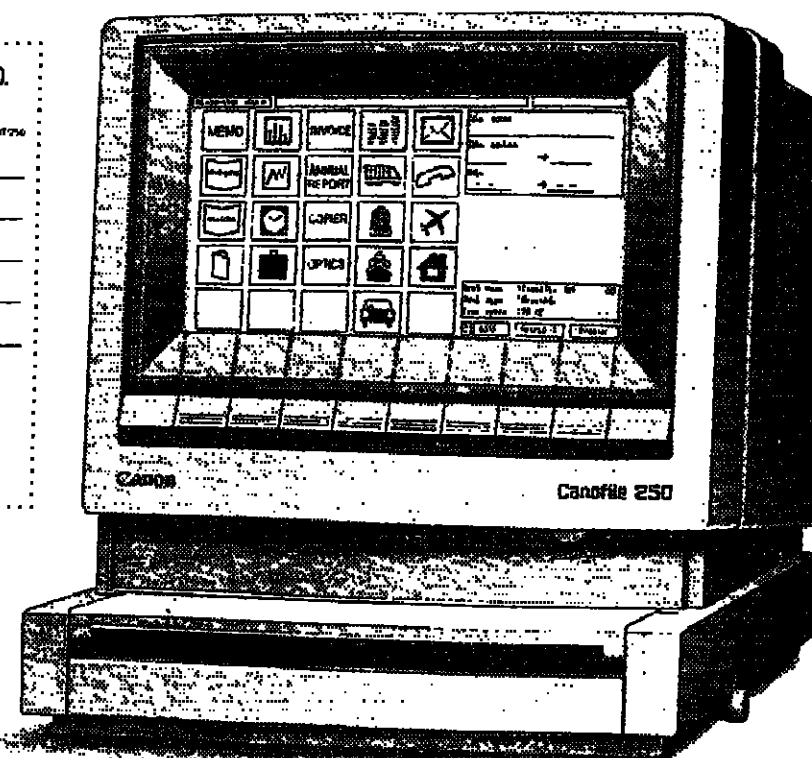
**Canon**

For further information simply complete and return this coupon.

Please tell me more about the CF 250.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Position \_\_\_\_\_  
Business \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_ Telephone \_\_\_\_\_

TO: Canon Europa N.V.  
P.O. Box 2262  
1180 EG Amstelveen  
The Netherlands



**Canofile 250**  
Desktop Electronic Filing System

LCA











**NYS**  
Wednesday's Child

tha



## Waterford's Loss Doubled in Half

**Reuters**  
DUBLIN — Waterford Wedgwood PLC, which has been hit by a slump in its major export markets, Wednesday said its pretax loss doubled in the first half of the year.

The results of the crystal and glass group were in line with market expectations. The group, whose prestige products adorn dinner tables around the world, said its pretax loss grew to 3 million pounds (\$32.6 million), up from 1.5 million in the year-earlier period.

The company said the adverse effect of the strike on first-half profit, which was estimated at 10 million pounds, would also affect results for the second half.

But Paddy Byrne, Waterford Wedgwood's chief executive officer, said in a statement that the strike did not give a full picture of the company's situation.

"There has been real improvement in the condition of the business that, given time, will accrue to shareholders," Mr. Byrne said. "There is a long way to go yet, but Waterford Wedgwood is on the up."

was the first all-out strike at the company, which was already facing a slump in its crucial British and U.S. markets.

Mr. Byrne said that with the strike over, Waterford's labor relations are realistic.

Last March, a group of investors led by Tony O'Reilly, the Irish-born chairman of the U.S. food giant, H.J. Heinz, linked up with New York investment bank Morgan Stanley to take a 29.9 percent stake in the group.

The half-year results held no major surprises for analysts.

"It is in line with expectations," said John Hogan, head of research at the Kiada stockbrokerage. "Cost savings are helping to counterbalance currency fluctuations. On the manufacturing side it looks as if the company has made considerable progress."

**Irish Trade Gap**  
Ireland, hit by the Gulf crisis and weakness in its major export market, Britain, suffered its first monthly trade deficit in more than four years in August, Reuters reported from Dublin.

Figures published on Wednesday by the Central Statistics Office showed that Ireland had a trade deficit of 35.7 million pounds in August, compared with a surplus of 180.2 million pounds in July.

## French Rates Cut Slightly To 10.35%

**Compiled by Our Staff From Dispatches**

PARIS — Leading French banks reduced their base lending rates Wednesday to 10.35 percent from 10.50 percent, responding to changes in statutory reserves introduced by the Bank of France.

The move was led by Crédit Commercial de France and followed by Société Générale and Crédit Lyonnais. Banque Nationale de Paris acted slightly later with a larger cut, reducing its rate to 10.25 percent from 10.50 percent.

The cut follows the reduction of 26 billion francs (\$5.1 billion) in compulsory reserve requirements announced Tuesday by the central bank, which it said would save the banking industry about 2.6 billion francs a year.

Finance Minister Pierre Bérégovoy called on banks to pass the savings along fully in the form of lower interest rates. Officials had said privately they hoped for a quarter-point cut, and analysts called the move a compromise.

Dominique Chailion, the president of the French Banking Association, said last week that base rates had not been increased even though money market rates had risen 15 to 20 basis points in the past three months.

## Whisky Leader Buying Stake in France's Rémy

**Reuters**

LONDON — Highland Distilleries Co. of Britain said Wednesday it is taking a major stake in France's Rémy Cointreau, linking Scotland's best-selling whisky maker with a world leader in cognac, champagne and liqueurs.

The Highland-Rémy deal is part of a scramble by major drinks makers to put together cross-border marketing arrangements and investments to take advantage of the single European market starting in 1993.

Highland said it would pay £75.9 million (\$148.5 million) for 30 percent of Rémy SA, the parent of Rémy Cointreau. The drinks concern was formed by the recent merger of Rémy Martin, the cognac house, and the Cointreau liqueur concern.

The investment expands marketing links begun in 1986 between the Scottish group, whose Famous Grouse whisky is the No. 1 seller in Scotland, and Rémy Cointreau,

whose brands include Rémy Martin cognac, Piper Heidsieck and Krug champagnes and Mount Gay rum. Rémy Cointreau is the world's third largest cognac producer and the fifth largest maker of champagne.

The French group, with its strong international distribution, will be able to use its global marketing muscle to bring Famous Grouse to a wider audience, said Highland's chairman, John Goodwin.

Britain's Grand Metropolitan PLC has a marketing arrangement with Rémy Martin, while Guinness PLC has a joint venture with Hennessy. The Canadian drinks company Seagram owns Martell, while Allied-Lyons of Britain has links with Courvoisier.

Under the deal, Highland will acquire bonds that can be converted into up to 30 percent of the stock of Rémy. The Hezard Dubreuil family, which controls Orpar, may acquire up to a maximum of 10 percent of Highland's stock.

## West European Car Sales Fell 4.9% in Month

**Reuters**

LONDON — Western Europe's car sales fell for the second straight month in September despite robust growth in Germany, where business was aided by the run-up to unification on Oct. 3, an industry newsletter said on Wednesday.

Provisional figures from Automotive Industry Data showed an overall 4.9 percent fall in September, leaving the total for the first nine months 0.7 percent short of last year's nine-month record.

Germany was the only major market to show a strong gain, with sales for the month jumping 7.9 percent, AID said.

Western Europe's nine-month car sales were 10.34 million units.

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2000	2450	2200
1800	2350	2000
1600	2250	1800
1400	2150	1600
1200	2050	1400
1000	1950	1200
800	1850	1000
600	1750	800
400	1650	600
200	1550	400
0	1450	200
1990	1990	1990

Exchange	Index	Wednesday Close	Previous Close	% Change
Amsterdam	CBS Trend	95.60	95.60	0.00
Brussels	Stock Index	5095.94	5141.50	-0.89
Frankfurt	DAX	1440.79	1460.72	-1.36
Frankfurt	FAZ	617.96	625.70	-1.24
Helsinki	UNITAS	413.70	416.80	-0.74
London	Financial Times 30	1600.80	1613.30	-0.77
London	FTSE 100	2068.00	2083.60	-0.75
Madrid	General Index	222.95	219.45	+1.59
Milan	MIB	803.40	804.90	-0.19
Paris	CAC 40	1616.00	1601.92	+0.88
Stockholm	Affarsvarlden	898.53	928.23	-3.20
Vienna	Stock Index	507.12	510.95	-0.75
Zurich	SBS	537.00	539.20	-0.41

## COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.	1990	1989	1988	1987	1986
<b>Canada</b>					
Abn-Amco-Price	1990	1989	1988	1987	1986
Revenue	100.0	100.0	100.0	100.0	100.0
Profit	10.0	10.0	10.0	10.0	10.0
Per Share	1.0	1.0	1.0	1.0	1.0
<b>United States</b>					
American Cyanamid	1990	1989	1988	1987	1986
Revenue	100.0	100.0	100.0	100.0	100.0
Profit	10.0	10.0	10.0	10.0	10.0
Per Share	1.0	1.0	1.0	1.0	1.0
<b>General Electric</b>	1990	1989	1988	1987	1986
Revenue	100.0	100.0	100.0	100.0	100.0
Profit	10.0	10.0	10.0	10.0	10.0
Per Share	1.0	1.0	1.0	1.0	1.0
<b>Goodrich (B.F.)</b>	1990	1989	1988	1987	1986
Revenue	100.0	100.0	100.0	100.0	100.0
Profit	10.0	10.0	10.0	10.0	10.0
Per Share	1.0	1.0	1.0	1.0	1.0
<b>Coca Cola Entpr.</b>	1990	1989	1988	1987	1986
Revenue	100.0	100.0	100.0	100.0	100.0
Profit	10.0	10.0	10.0	10.0	10.0
Per Share	1.0	1.0	1.0	1.0	1.0
<b>American Home Ppts</b>	1990	1989	1988	1987	1986
Revenue	100.0	100.0	100.0	100.0	100.0
Profit	10.0	10.0	10.0	10.0	10.0
Per Share	1.0	1.0	1.0	1.0	1.0

## NYSE

**Wednesday's Closing**  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

(Continued)

Stock	High	Low	Open	Close	Change
IBM	158 1/4	157 3/4	157 3/4	158 1/4	+1/4
AT&T	54 1/4	54 1/4	54 1/4	54 1/4	0
GE	34 1/4	34 1/4	34 1/4	34 1/4	0
Westinghouse	24 1/4	24 1/4	24 1/4	24 1/4	0
Johnson & Johnson	54 1/4	54 1/4	54 1/4	54 1/4	0
Pfizer	24 1/4	24 1/4	24 1/4	24 1/4	0
Merck & Co.	24 1/4	24 1/4	24 1/4	24 1/4	0
Boeing	74 1/4	74 1/4	74 1/4	74 1/4	0
Lockheed	44 1/4	44 1/4	44 1/4	44 1/4	0
Raytheon	34 1/4	34 1/4	34 1/4	34 1/4	0
Grumman	24 1/4	24 1/4	24 1/4	24 1/4	0
Northrop	24 1/4	24 1/4	24 1/4	24 1/4	0
Rockwell International	24 1/4	24 1/4	24 1/4	24 1/4	0
Boeing	74 1/4	74 1/4	74 1/4	74 1/4	0
Lockheed	44 1/4	44 1/4	44 1/4	44 1/4	0
Raytheon	34 1/4	34 1/4	34 1/4	34 1/4	0
Grumman	24 1/4	24 1/4	24 1/4	24 1/4	0
Northrop	24 1/4	24 1/4	24 1/4	24 1/4	0
Rockwell International	24 1/4	24 1/4	24 1/4	24 1/4	0

Stock	High	Low	Open	Close	Change
IBM	158 1/4	157 3/4	157 3/4	158 1/4	+1/4
AT&T	54 1/4	54 1/4	54 1/4	54 1/4	0
GE	34 1/4	34 1/4	34 1/4	34 1/4	0
Westinghouse	24 1/4	24 1/4	24 1/4	24 1/4	0
Johnson & Johnson	54 1/4	54 1/4	54 1/4	54 1/4	0
Pfizer	24 1/4	24 1/4	24 1/4	24 1/4	0
Merck & Co.	24 1/4	24 1/4	24 1/4	24 1/4	0
Boeing	74 1/4	74 1/4	74 1/4	74 1/4	0
Lockheed	44 1/4	44 1/4	44 1/4	44 1/4	0
Raytheon	34 1/4	34 1/4	34 1/4	34 1/4	0
Grumman	24 1/4	24 1/4	24 1/4	24 1/4	0
Northrop	24 1/4	24 1/4	24 1/4	24 1/4	0
Rockwell International	24 1/4	24 1/4	24 1/4	24 1/4	0
Boeing	74 1/4	74 1/4	74 1/4	74 1/4	0
Lockheed	44 1/4	44 1/4	44 1/4	44 1/4	0
Raytheon	34 1/4	34 1/4	34 1/4	34 1/4	0
Grumman	24 1/4	24 1/4	24 1/4	24 1/4	0
Northrop	24 1/4	24 1/4	24 1/4	24 1/4	0
Rockwell International	24 1/4	24 1/4	24 1/4	24 1/4	0

## The desk diary that picks up and goes with you

Half your life's story — or even more — is inscribed on the pages of your desk diary. Yet when you travel or go to meetings, most desk diaries are too cumbersome to take along.

That's why the International Herald Tribune — constantly alert to the needs of busy executives — had this desk diary especially designed for its readers. Bound in luxurious silk-grain black leather, it's perfect on your desk, offering all the noting space of any standard desk diary. Yet pick it up and you'll find it weighs a mere 340 grams (12 oz.).

A luxurious, useful gift for executives on the move.

No voluminous data and statistics are included in this diary, but on the other hand a removable address book saves hours of re-copying from year to year.

Diary measures 22 x 15 cm (8.5 x 6 in.), fits easily into the slimmest attaché case, and has gilt-metal corners, gold page-edges and elegant French blue paper. Personalized with gilt initials on the cover, it's a marvelous gift for friends, business contacts and associates. (Note that quantity discounts are available.)

Please allow three weeks for delivery.

**International Herald Tribune**  
181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.

Payment is by credit card only. All major cards accepted. (Please note that French residents may pay by check in French francs, at the current exchange rate. We regret that checks in other currencies cannot be accepted.)

Please charge to my ☐ Access ☐ Visa ☐ Amex ☐ Eurocard ☐ Diners ☐ MasterCard

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_ (necessary for credit card purchase)

Name (in BLOCK LETTERS) \_\_\_\_\_  
Address \_\_\_\_\_  
City/Code/Country \_\_\_\_\_ 18-10-90

Please send me \_\_\_\_\_ 1991 IHT Desk Diaries.  
Price includes initials, packing and postage in Europe.

1-4 diaries	5-9 diaries	10-19 diaries	Additional postage outside Europe by registered mail
U.S. \$44 each	U.S. \$42 each	U.S. \$40 each	U.S. \$8 each

Check major delivery outside Europe by registered mail. US\$13 per order.

## EVERY MAN HAS A SECRET

Royal Trust Executive Plus provides:

- A High Interest Deposit Account combined with an interest-bearing Cheque Account. Plus
- A balance transfer system to maximise your return. Plus
- An American Express Gold Card if desired — with Royal Trust paying the network fees. Plus
- Automatic settlement of American Express Gold Card bills. Plus
- An overdraft facility at preferential interest rates. Plus
- A host of other benefits.

Opening an Executive Plus Account is easy with Royal Trust in Jersey or the Isle of Man. The minimum balance required is only £25,000 or US\$50,000. Every angle covered — with Royal Trust Executive Plus!

For more information please send for a brochure by completing the coupon, or better still call our Executive Plus Hotline.

**JERSEY HOTLINE** (0534) 283200  
**ISLE OF MAN HOTLINE** (0624) 563713

Royal Trust Bank (Jersey) Limited  
P.O. Box 194, Royal Trust House,  
19/21 Broad Street,  
St. Helier, Jersey, JE4 8RR, C.I.

Royal Trust Bank (Isle of Man) Limited  
Royal Trust House, 60/62 Athol Street,  
Douglas, Isle of Man, British Isles.

Name \_\_\_\_\_  
Address \_\_\_\_\_

**ROYAL TRUST** BP HT 18/10/90

Royal Trust Bank (Jersey) Limited and Royal Trust Bank (Isle of Man) Limited are members of the Royal Trust Group of Companies. Royal Trust is one of the few financial institutions worldwide that hold a "Triple A" credit rating. (Source: Canadian Bond rating service) The latest audited accounts of Royal Trust Bank (Jersey) Limited and Royal Trust Bank (Isle of Man) Limited are available on request.



MARKET DIARY

NASDAQ

Wednesday's Prices  
NASDAQ prices as of 4 p.m. New York time.  
This list compiled by the AP, contains the 1,000  
most traded securities in terms of dollar volume. It is  
updated twice a year.

12	High	Low	Stock	Div	Yld	PE	52	High	Low	PA	Div	Yld	PE	52
1	100	98	IBM	3.20	4.5	15	100	98	95	95	3.20	4.5	15	100
2	100	98	Microsoft	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
3	100	98	Oracle	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
4	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
5	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

6	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
7	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
8	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
9	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
10	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

11	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
12	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
13	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
14	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
15	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

16	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
17	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
18	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
19	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
20	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

21	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
22	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
23	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
24	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
25	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

26	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
27	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
28	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
29	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
30	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

31	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
32	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
33	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
34	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100
35	100	98	QED	0.00	0.0	15	100	98	95	95	0.00	0.0	15	100

Hong Kong  
Asia's Dream



## Guangdong Plans Program To Lift Exports

Hong Kong Stock Exchange and head of its listing committee between 1985 and 1987.

Officials of Wardley Ltd., the merchant banking firm that underwrote the issues, testified that Mr. Li pressured them for shares before the listing applications were approved. The officials, who were granted immunity from prosecution, said they were afraid Mr. Li would block the flotations if he was not granted shares on preferential terms.

In his defense, Mr. Li said he made the request for legitimate investment purposes on behalf of SPS Investment Services Ltd., a broking firm controlled by his family. The transaction was no different to any normal deal between an underwriter and subunderwriters, the defense said, though Mr. Li later sold the shares at a personal profit of \$880,000 dollars and did not pay stamp duties or transaction fees.

Both public listings proved lucrative, with Cathay generating 4 billion dollars and Nowel 285 million.

Before the trial, Mr. Li was charged with fraud. He asked the jury to deliver a guilty verdict only if members were sure the defendant

abused his position by obtaining preferential shares in a way that would have been impossible for a broker lacking Mr. Li's influence.

He also told jurors to consider the fact that the proceeds from the Novel and Cathay share purchases were for Mr. Li's personal enrichment and were not reinvested in SFS. To agree on a guilty verdict, Mr. Bokhary told them, they must establish that Mr. Li's intentions and state of mind were corrupt.

Mr. Li faces trial on six additional charges under the same ordinance in late February, along with seven other former members of the stock exchange board.

Hong Kong's securities industry has been thoroughly reformed since Mr. Li's arrest on Jan. 2, 1988, 10 weeks after he achieved notoriety for closing the Hong Kong market during the collapse of world markets in October 1987.

The Hong Seng Index, the market's barometer of blue-chip stocks, lost 11 percent of its value before Mr. Li's arrest, only to plunge an additional 32 percent when trading resumed last week.

**Agence France-Presse**

**BEIJING**—China's southern province of Guangdong has announced a five-year export-development program involving investments of \$6.4 billion, the official China Daily reported Wednesday.

The plan also involves setting up two special zones for foreign companies and the development of a stock market, according to the English-language paper.

Priority will be given to energy, communications and raw materials, three sectors that have acted as a drag on growth in the province. Guangdong is tied to outside markets, exporting one-fifth of its production, mostly to Hong Kong, Macao, Japan, Taiwan and South Korea.

The program will largely be financed by the province.

**By Patrick L. Smith**

**By Patrick L. Smith**  
*International Herald Tribune*

**TOKYO**—Bank of Japan officials cautioned Wednesday against an excessive fall of the dollar and stressed for the first time the need to consider Washington's commitments in the Gulf and the threat of recession in the United States in setting monetary policy.

The officials were apparently trying to talk the yen out of its current surge while signaling the United States that Japan is willing to consider the effects of a strong yen on the U.S. economy.

Their explanation of the need for a coordinated foreign-exchange policy among the Group of Seven industrial powers: the United States, Germany, Japan, Britain, France, Italy and Canada.

Tokyo has generally seen the strengthened yen as a positive development, as it reduces the threat of imported inflation and the impact of higher petroleum prices.

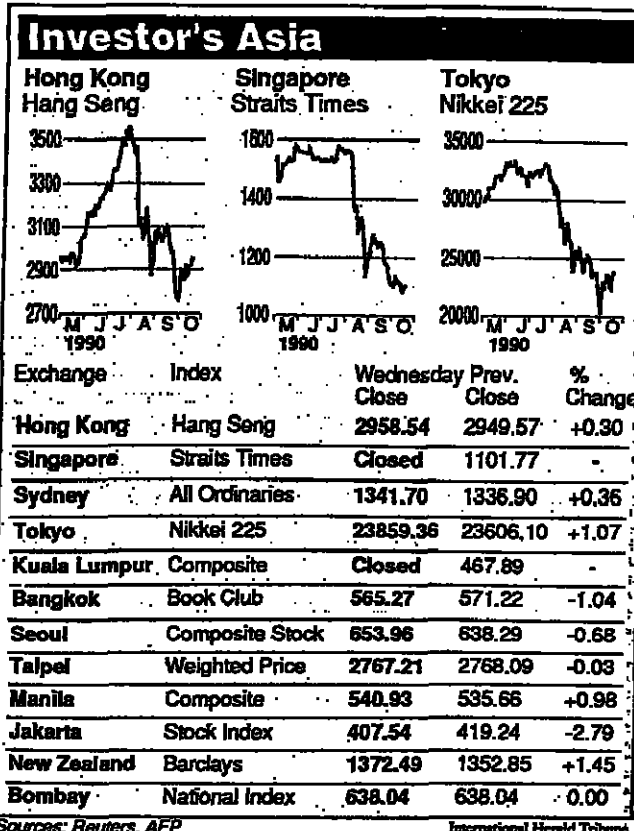
But the Bank of Japan officials said Tuesday that the yen's

first time to the broader bilateral relationship, which has been damaged somewhat by what many view as Japan's inadequate response to the Middle East crisis.

One central bank official, who requested anonymity, was quoted in a local news report as saying: "It's troublesome for Japan to leave the yen excessively high to cushion inflationary pressures from higher oil prices when the United States is grappling with the Gulf crisis and an economic slowdown."

The dollar opened sharply lower in Tokyo foreign exchange trading, rebounded briefly and fell again to end at 125.80, down 2.25 yen from Tuesday's Tokyo high of 1.05 from the late 1970s New York area.

There was uncertainty in the Tokyo money markets as to which direction Japanese interest rates were moving. While the central bank earlier seemed to be trying to hold down open-market rates, operations Wednesday suggested it



## Japan Car Sales Boom At Home, Exports Fall

**Readers**

**TAIPEI**—Asia's Little Dragon economies, the fierce exporters of the past two decades, are pulling in their wings.

A U.S. economic slump and a decline in competitiveness is forcing Hong Kong, South Korea, Taiwan and Singapore to concentrate on domestic projects and intraregional trade for economic growth.

The four countries, known in the 1970s and 1980s as the Little Dragons because of their spectacular economic success, are now threatened by a recession in their biggest market and by soaring costs at home, which have turned their products into luxuries in the export market.

So governments are looking for growth at home. They are building airports and airports and consolidating trade links with other economies in the region.

"It's a strategy for the times," said Miron Mushkat, director and chief regional economist of Baring Securities (Hong Kong) Ltd. "It's a way to tackle impending slowdown

by making the government a more active player."

However, he added, "to suggest the economy can be underpinned by government spending is simplistic. The government cannot act as a substitute for external demand."

## Hong Kong, Taiwan, Singapore are threatened by their biggest market

Hong Kong, where growth last year stalled at 2.5 percent after 7.4 percent in 1988 and 13.8 percent in 1987, is planning an airport and port complex whose cost will exceed \$16 billion.

South Korea, which originally said its economy would grow 6.3 percent this year, now says it will expand by 9 percent because of domestic construction growth and South Koreans' increasing tendency to buy instead of save.

Taiwan, too, sees an answer to shrinking growth in building infra-

structure with the funds stockpiled from years of trade surpluses.

With growth this year now forecast at 5.15 percent, which is the slowest since 1982 and well below last year's 7.33 percent, Taiwan wants to spend \$62 billion on 26

---

## **South Korea and hit by recession in and by soaring costs.**

Infrastructure projects ranging from mass-transit systems to container terminals.

With its domestic infrastructure advanced already, Singapore has tied on trade with its neighbors in Southeast Asia for growth, economists say.

"Despite the increasing likelihood of a U.S. economic downturn the current quarter and sharply higher oil prices," said Paul Schryver, economist at Hoare Govett Securities Singapore Pte. "we remain quite optimistic that the local

conomy can achieve 8 percent growth in 1990." In a recent report, he said Singapore, whose economy grew at 9.2 percent in 1989 and 11.1 percent in 1988, was one of the main beneficiaries of recent rapid economic growth in Malaysia, Indonesia, Thailand and the Philippines. "These countries have gained competitiveness because their labor is still cheap and their natural resources abundant." The survey earlier this year in industrialized nations found more than 50 percent of employees were paid less than the 1,600 rupiah (90 cents) a day legal minimum wage. In Taiwan, by contrast, factory wages are nearly \$750 per month. Thailand's economy grew at 12.2 percent last year and is forecast to reach 9.8 percent this year. After a 6.5 percent growth last year, Malaysia is projected to expand 8.8 percent this year. Indonesia expects growth to top recent this year after 7.3 percent in 1989.

**Agence France-Presse**

**TOKYO** — Motor vehicle exports for Toyota Corp. and Nissan Motor Co. declined in the six months to Sept. 30, but domestic sales by Japan's two biggest car-makers boomed, according to figures released Wednesday.

Toyota also said its overall production rose in the same period, both at home and abroad, while Nissan said its total output was unchanged, with a modest increase in local production offset by a sharper decline overseas.

Exports by Toyota fell 6.1 percent from a year earlier to 836,170 vehicles in the first half, while domestic registrations climbed 6.3 percent to a record 1.19 million units, a company spokesman said.

Production in Japan rose 8 percent to 2.09 million vehicles, while output abroad soared 42.4 percent to 1.72 million.

Nissan said its exports fell 10.4 percent from a year earlier to 462,944 vehicles in the six months,

while domestic sales expanded 11 percent to a record 684,058 million units.

Domestic output climbed 1.1 percent to 1.19 million units, while overseas production fell 3.8 percent to 308,657 vehicles.

In September alone, exports by both companies also rose. But whereas Toyota suffered its first decline in domestic sales in 18 months, Nissan posted its fifth consecutive increase. Toyota's overall production rose, however, while Nissan's output declined both at home and abroad.

Toyota's exports fell 4.9 percent from a year earlier to 134,001 vehicles, while domestic sales decreased 1.6 percent to 192,823 million units. Domestic output rose 1.5 percent to 334,373 vehicles and production overseas leapt 18.4 percent to 52,909 units.

Nissan's exports plunged 12.2 percent in September and domestic sales climbed 1.3 percent to 127,225 units.

*Agence France-Presse*

**BANGKOK** — The Cambodian government said Wednesday in an official radio broadcast that it would take action against black-market currency dealings.

First offenders would receive a warning, but those who repeatedly engage in black market deals face detention in "re-education" centers or jails "according to the severity of the crimes committed," the broadcast said, quoting a circular issued by Cambodia's Vietnam-installed government.

The circular also bars "any Cambodian and foreign individuals or companies" from taking precious stones out of Cambodia without government authorization.

The Marxist Khmer Rouge, Cambodia's former ruling group and now the dominant component in an anti-government guerrilla coalition, has engaged in highly lucrative business in awarding mining concessions to Thai companies in guerrilla-held, gem-rich areas along the Thai-Cambodian border.

According to sources familiar with the black-market deals, the concessions bring an estimated \$1 million per month to the faction's war chest.

In a bid to rein in galloping inflation, the Phnom Penh government announced last week that it wanted the price of gold, which has been closely linked to the unofficial U.S. dollar exchange rate, to be fixed.

[illegible]







# The Oil Industry

## The Gulf Crisis / Economic Impact

### When the Ripple Effect Turns Into a Wave

Iraq's invasion of Kuwait and the U.S.-led response of arms, troops and an embargo have created sharp economic ripples around the world. The rise in oil prices has meant that oil-dependent industries and nations now face higher production costs. In turn, the prospect of subdued growth has sent property values and share prices plummeting around the world. The fear of war has brought estimates of triple-figure oil prices and long-term disruption in oil supplies from the Middle East — which, in turn,

Many speculators have had their fingers burned

are fostering forecasts of widespread economic gloom, including recession and perhaps even depression for many nations.

Among those most affected are the powerhouses that set the tone for world economic conditions. Japan and West Germany import all their oil, and while the United States is a major producer, it nonetheless imports more than half its oil consumption.

During this period of turmoil in the world oil markets — and subsequently in the world economy — many of the voices calling for caution and calm are coming from the oil industry.

An example is Jack Pierce, chairman and chief executive of Ranger Oil Ltd., a Canadian company with \$100 million in annual cash flow from its oil and gas assets in Canada, the North Sea and elsewhere.

Mr. Pierce says he has no intention of a major refocus of his business in anticipation of the sky-high prices being forecast in some corners. "Our company believes the oil price will eventually settle at around \$25 a barrel," he says.

Rather than concentrating on short-term profits, Mr. Pierce says, his company is more likely to respond to the disruption of Middle East supplies by taking more risks in hopes of helping meet the increased long-term demand for non-Arab oil. "If oil prices continue at the current levels, one result might be that Ranger would farm into some additional licenses or stay in some projects longer than originally intended."

Clive Callow, an oil analyst at Sheppards, the London stockbrokers, believes that up to 50 small North Sea oil fields will be reclassified from sub-commercial to commercial as a result of the higher prices. "Whatever hap-

pens," he says, "a new floor price of between \$22.50 and \$25 a barrel of oil has been established."

Mr. Callow says that the non-Arab areas that might benefit most include new producers such as Papua New Guinea, which is expected to produce 100,000 barrels a day in the near future, and Colombia, where the government's desire to bolster nondrug exports could lead to fast-track development of projects such as the 350-million-barrel Rubiales heavy oil field.

Many outside the oil industry, however, are focusing not on the industry's long-range potential for responding to the Middle East crisis, but on the volatility brought to the oil markets by the Iraqi occupation and the subsequent military standoff.

An example is the reaction of Antonio Cardoso e Cunha, the European Community commissioner for energy, who criticized the world oil industry for "unjustifiable and indefensible" price hikes after the price of Brent crude hit \$40 in late September.

Mr. Cardoso e Cunha told The Oil Daily that "the price of vast quantities of oil flowing in world trade is automatically raised by the companies to match the latest spot market price, right up to the time each cargo lands in Europe."

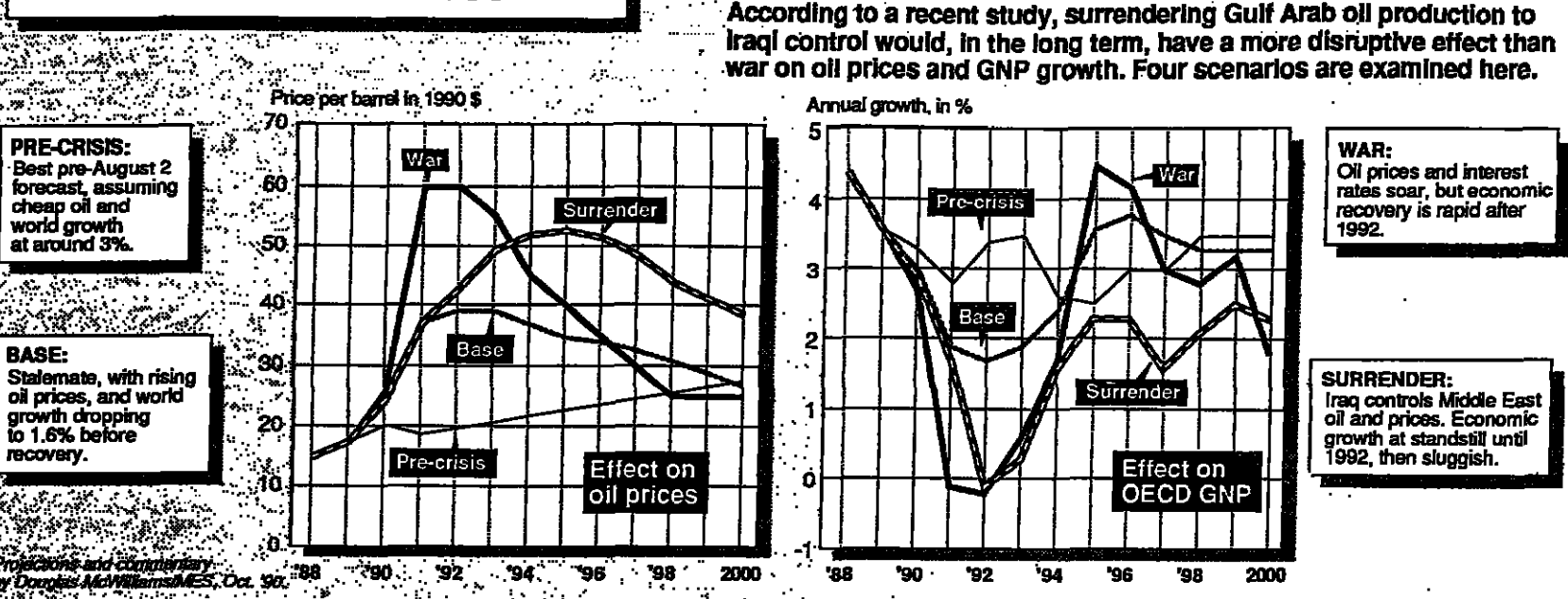
Alban Brindle, research director for the International Petroleum Exchange in London, responds that the EC commissioner's comments show how those outside the industry mistakenly believe the price of oil to be driven by speculation.

Mr. Brindle says speculators "cannot control the market for very long. Fundamental supply-demand considerations eventually come into force and dictate the price. The price mechanism, we believe, is the most efficient form of taking care of these volatilities."

Mr. Brindle says much of the increase in oil prices in the first weeks after the invasion was due not to speculation but to increased turnover — up from open-interest contracts on 50,000 to 80,000 lots a day before Aug. 2 to as many as 120,000 a day, before dropping back to 80,000 to 90,000 by the end of September.

Analysts agree that many speculators have "had their fingers burned," because there is not really a world shortage of oil — especially in light of the willingness of some nations to dip into their vast oil reserves as a means of holding down prices. The United States led the way in late September

## WHAT PRICE STABILITY?



by announcing that it would sell five million barrels from its 580-million-barrel reserves, a move that could save taxpayers a considerable amount of money if the government is later able to replenish its reserves after oil prices drop.

In early October, the Paris-based International Energy Agency, which coordinates the industrialized countries' reactions to the oil markets, said there was no material shortage of oil, but warned that a shortage could develop in a matter of weeks because the world's oil production and refining industries are already operating at peak capacity.

Despite the possibility that higher prices and lower economic growth will dampen long-range demand, the IEA said the oil markets could suffer a major disruption following an unexpected event such as a long cold spell, war damage to the Saudi oil fields or a refinery explosion in the North Sea.

The Organization of Petroleum Exporting Countries, noting that it is producing 22.5 billion barrels a day while its winter demand is expected to be 23.5 billion barrels, has urged consuming nations to work with oil producers to bring down prices, primarily by freeing up more of their reserves.

Sadek Boussena, the Algerian energy minister who is the chairman of OPEC, says the recent price rises are the result of the same sort of market forces that kept oil prices down for years. The market should be given "free play," he recently said on Algerian television, but it is in the interest of neither producers nor consumers to allow prices to move so "erratically."

Timothy Harper

## Kuwait / Still in Business

### An Industry in Exile Carries On Abroad

"It's business as usual," insists a Kuwait Petroleum International official in London. During the last two months, KPI, the refining and marketing division of the Kuwait Petroleum Corporation, has been arranging for crude supplies to keep its overseas refineries running.

The Iraqis have not succeeded in plucking up the Kuwaiti industry root and leaf. While the lights may have dimmed around the giant refineries in

Refineries in Europe are running at full capacity

Kuwait (which Saddam Hussein claims to have laced with mines and explosives), those at the thousands of Q8 gas stations up and down Northern Europe still burn brightly.

With the loss of more than 1.7 million barrels a day of crude from its

own fields, Kuwait is now buying crude from several different countries, including about 500,000 barrels a day from Saudi Arabia. According to some industry observers, Iraqis are producing about 100,000 barrels a day of crude oil from Kuwait's oil fields.

As a member of the Gulf Cooperation Council, Kuwait benefits from an agreement under which its oil-producing members (Saudi Arabia, Bahrain, the United Arab Emirates, Qatar and Oman) are bound to help make up any crude oil losses suffered by another member.

"We have an 'evergreen' agreement with Saudi Arabia, who will supply whatever we need," says a spokesman for KPI, which is also buying crude on the Rotterdam spot market as well as "from other areas where we see an advantage."

KPI's refineries originally had a ca-

capacity of 700,000 barrels a day. Since the invasion, it has bought refineries in Denmark, Italy and the Netherlands. These have a combined capacity of approximately 240,000 barrels a day at the present time and are said to be operating at full capacity.

About eight years ago, Kuwait began developing a global integrated downstream network "from wellhead to gas-station pump." It has the most advanced network of any oil producer in the Arab world. Saudi Arabia has also seen the significance of developing more added-value products and retail outlets.

In 1981, the Kuwait Oil Company, another unit of the Kuwait Petroleum Corporation, bought up the U.S. Santa Fe Corporation. This was followed in 1983 by the purchase of Gulf Oil's

Continued on Page 18

## Opinion / Helga Steeg, Executive Director of the International Energy Agency

### For a Working Market Without Distortion

Ever since the Gulf crisis broke, the International Energy Agency and its member governments have been pressured by some editorial writers and energy analysts to start unloading government-owned crude oil stocks. Advocates of immediate government stockdraw argue that it would discourage excessive price rises and spare the world economic damage.

The IEA governing board has met three times since Iraq marched into Kuwait in early August, and on each occasion concluded that since there was no physical shortfall in oil sup-

plies, coordinated remedial action was not yet required from governments.

These decisions were for two main reasons: OPEC producers, and particularly Saudi Arabia, the United Arab Emirates and Venezuela, have stepped up production to make good most of the 4.3 million barrels a day lost because of the United Nations embargo on trade with Iraq and Kuwait.

Oil companies in turn have shown praiseworthy restraint in avoiding excessive stockbuild. Preliminary third-quarter figures show much smaller company stockbuild than normal. However, the total amount of company stock in the third quarter is higher than it was last year.

The governing board's assessment when it last met on Sept. 28 was that while the fundamentals of supply and demand are in balance, the market is tight and shortages could occur in some product markets, particularly in the Indian Ocean and the Asia-Pacific region. On the other hand, there is plenty of heavy fuel oil available.

I then described the situation as "manageable but not comfortable." This still remains the IEA's view, although it could quickly change under present highly volatile conditions. Events not necessarily linked to the Gulf could oblige governments to reassess their position — perhaps an

Industrial accident or refinery breakdown, or a sharp cold spell.

Supplies may be adequate, but they have not prevented the price of oil from soaring. Higher and fluctuating oil prices are clearly dictated to a very large extent by what is happening in the Middle East. A bellicose statement by Saddam Hussein, an incident like the recent tragic clashes in Jerusalem, the evaporation of a peace initiative — all invariably force oil prices

upward. The market is driven by political and military uncertainty. For the time being, economic considerations are secondary.

In this situation, the IEA is a reassuring factor. It embodies the determination of governments to defend their energy security together. While governments have agreed that the time is not yet ripe to release stocks, they are determined to move fast if they have to. They have already taken advance administrative measures and are ready to push the button.

So far, media attention has focused on the IEA's policy toward government stocks. People sometimes overlook the other principal means at our disposal — demand restraint. If gov-

ernments do decide to deploy their considerable strategic reserves, this would be reinforced simultaneously by measures to reduce consumption. Some governments might rely on putting their strategic stocks on the market; others would emphasize curbs on demand. Various means might be used, from speed limits or bans on Sunday motoring to taxes on oil consumption. The important thing is that it would be a coordinated response by the world's leading industrial nations.

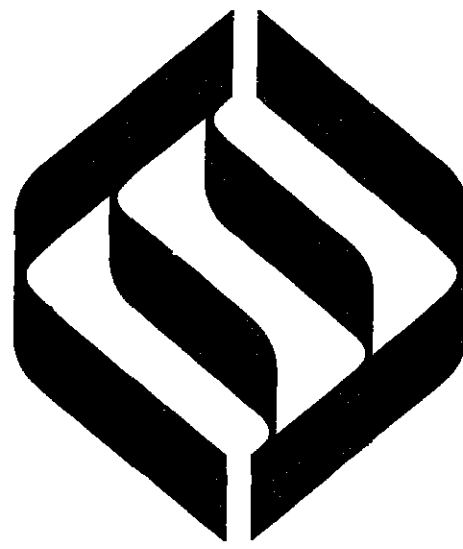
Of course, for major supply shortfalls, surpassing 7 percent, binding treaty obligations for oil-sharing by member countries would come into play.

We are often asked at what crude oil price IEA governments would feel compelled to use their stocks. What is an intolerable oil price: \$40, or perhaps \$50? The only answer possible is that the strategic reserves held by IEA countries are not a buffer stock for managing prices modeled on those ill-fated commodity agreements of the 1970s. IEA government stocks are tools for dealing with physical supply shortages. At the same time, it is clear that filling gaps in supply will indirectly influence prices.

This brings me to another important theme now the subject of wide speculation in relation to the IEA, namely some form of producer-consumer understanding to bring stability to the market. Certainly, there should be a properly functioning market, with producers selling oil at fair prices, but the market itself, open and transparent, must do the job. The dialogue should be between the producers and those who buy their oil. We should all be mindful of our common interest in a functioning market operating without distortions.

Cordial business relations between sellers and buyers offer the best assurance for meeting the world's oil needs, and this will still be true once the Gulf crisis is over. Governments can contribute to increased transparency, and set the right framework for upstream and downstream cooperation, thereby encouraging stronger integration.

Helga Steeg



## samarec



samarec

P.O. Box 5250, Jeddah 21422  
Saudi Arabia  
Telephone 6603232  
Fax 6694081  
Telex 603088 SAMREC.

Saudi Arabian Marketing and Refining Co. has been formed to bring together in an accessible, unified organization, the petroleum product marketing and refining activities of the Kingdom of Saudi Arabia. You will find us competitive, and responsive to your petroleum product requirements.



## Alternatives / Producers That Profit

Taking Up the Slack  
In the Global Oil Supply

Iraq's invasion of Kuwait has abruptly brought forward the third oil shock that planners had been predicting would occur by the mid-1990s as a result of rising world demand and declining supply.

Any belief in the permanence of cheap oil fostered by the surpluses of the late 1980s has been effectively shattered by the current crisis in the Middle East. While production levels in the 1980s had been erratic, yearly consumption has been rising steadily.

Top producer U.S.S.R.  
is unlikely to benefit much

from 1983. The conclusion of most forecasters is that consumption, currently at over 64 million barrels per day, will remain slightly ahead of supply in the years to come. The gap is likely to increase.

Increased production from other countries will continue to make up for the loss of 4.8 million barrels a day of Iraqi and Kuwaiti oil, or 6.5 percent of world output, in the weeks ahead. This is unlikely to be sustained beyond this year, however, as production facilities and oil reservoirs will suffer stress. If war does not break out, the world could still limp along for months on a combination of conservation, rationing, diversification and drawdown on stockpiles, currently estimated at 95 days of use among member countries of the International Energy Agency.

The U.S. announcement in late September that it would release five million barrels from its Strategic Petroleum Reserve in October and November helped calm the market briefly when prices rose to over \$40 a barrel. Critics, however, say this was long overdue and represented too small a quantity to influence the market significantly.

Philip Verleger of the Institute of International Economics in Washington, D.C., says energy policy officials, claiming there was no oil shortage, failed to release reserves earlier to calm the market. He believes prices will rise further as the embargo has removed the supply of a substantial amount of "light" crude and related products. Light oil includes naphtha, gasoline and jet fuel, which command a premium over heavier oil like residual fuels.

Most oil-producing countries are stepping up output to make up for the lost supplies. Saudi Arabia and Venezuela are pumping up a combined extra 2.2 million barrels a day of crude since the invasion.

Saudi Arabia has raised production to around 7.3 million barrels a day from about 5.4 million barrels a day in July, while Venezuela is pumping another 300,000 barrels a day in addition to its previous 2 million.

The United Arab Emirates has the capacity to increase production by another 400,000 barrels a day from its July level. Iran has already raised production by 500,000 barrels a day, and Nigeria and Libya by 100,000 barrels a day.

Oil producers not among the front-line antagonists, such as Iran and Yemen, and those in Africa, Asia and Latin America, are likely to benefit hugely from sharply higher prices. Short-term gains by oil exporters could run as high as \$25 million a day for every \$1 rise in crude price.

Ironically, the world's largest producer, the Soviet Union, is unlikely to benefit much. It is expected to suffer a 20 percent to 30 percent cutback this year due to a critical shortage of production equipment and outdated technology. Production has been falling from its 1987 peak of about 12.7 million barrels a day, and could drop to 10 million barrels a day by 1995.

No major new Soviet fields have been discovered, and recent exploration and production deals between Western companies and Moscow are expected to yield only modest results starting next year. Total Soviet export could fall to as low as 1.6 million barrels a day in the next few years, from about 4 million barrels a day recently, according to the Petroleum Intelligence Weekly.

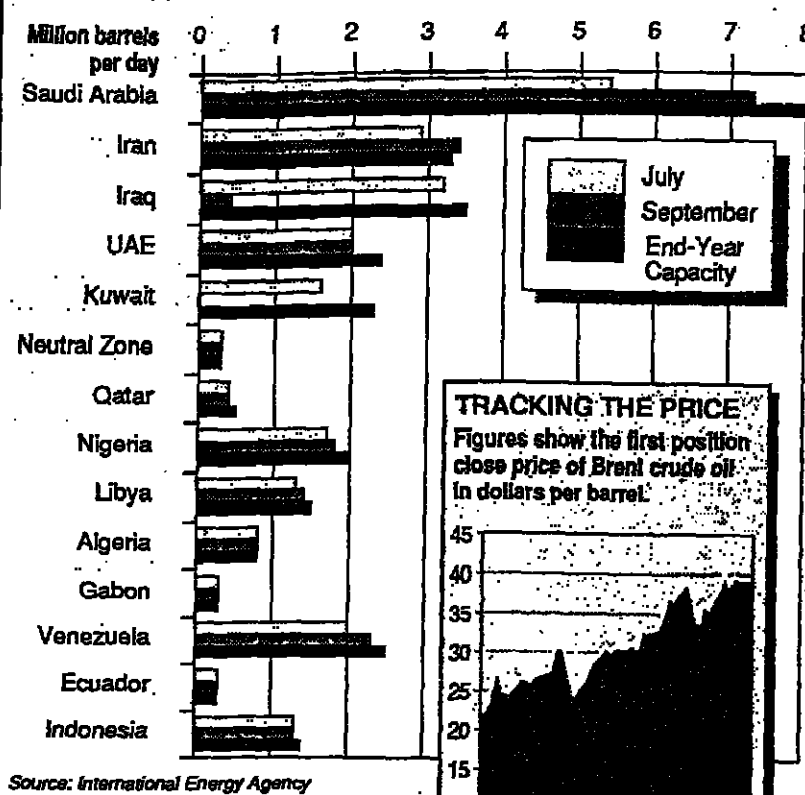
Existing oil fields in the United States, the world's second-largest producer, have also been yielding less each year since peaking at about 9 million barrels a day in 1985. At the end of the second quarter, production was around 7.2 million barrels a day, down 1.5 percent from the same period last year. As in the Soviet Union, no major new fields have come on stream, while consumption growth has remained steady. New technology to increase yields is currently drawing attention in Texas.

The United States remains the world's largest oil user, at over 25 percent of total demand, and increasingly depends on imports. This year, oil imports already make up more than half of total needs. U.S. dependence on foreign oil will grow, and so will the political pressure to reduce this through taxes on retail oil products as well as the opening up of unexplored areas for prospecting.

In Asia, net exporters Indonesia, China, Malaysia and Brunei could

## OPEC Crude Oil Production and Capacity

**MAKING UP THE SHORTFALL.** The members of OPEC are already producing at near-capacity levels, with only Saudi Arabia and the United Arab Emirates in a position to increase levels significantly.



Source: International Energy Agency

reap at least an additional \$2 billion in the last quarter of 1990.

Oil-deficit countries like the Philippines, Bangladesh and Pakistan will, however, reel further from an already difficult situation. India has been forced to spend hard currency reserves to buy crude and oil products in recent weeks. Politically, the Philippines will be the most vulnerable to upheavals, as higher oil prices add to the burden of June's devastating earthquake and the loss of millions of dollars in income from displaced Gulf workers.

The economic growth of oil-importing Japan and the newly industrialized countries for 1990 are expected to slow down by between 1 and 3 percentage points from earlier forecasts. Still, Japan, the world's second-largest oil consumer, is expected to chalk up a relatively healthy 3 percent growth rate.

Persistent labor disputes and maintenance shutdowns in production platforms have conspired to restrict Europe's North Sea producers from taking full advantage of higher oil prices since Aug. 2. Production remains at between 3.2 and 4 million barrels a day, depending on the rate of work stoppages in the offshore fields.

Britain is Western Europe's top pro-

## Industry / The Trickle-Down Effect

Who Gains, Who Loses  
In Business and Industry

The aftermath of the rise in oil's cost — whether or not military action ensues in the Gulf — will have some very clear effects on industries that use oil.

"Anyone dealing in petrochemicals will obviously be affected," says James Noble, a partner at Deloitte, Haskins and Sells in Milan. "The paint industry is certainly going to suffer. The fertilizer industry will suffer as well. Both sectors buy chemicals from petrochemical multinationals." Industries that use petroleum as in-

The price of materials has  
already been affected

gredients in their final products will clearly be hurt, Mr. Noble points out, but so will industries that use petroleum, directly or indirectly, in production. "Auto manufacturers are going to suffer, because cars will be more expensive to run. But they will also be hurt because there is a lot of plastic used in making cars, as well as steel, which is energy-intensive to manufacture."

Professor Luigi De Paoli of Milan's Bocconi business school agrees. Among the industries he cites are steel manufacturing and many forms of metallurgy, such as aluminum and magnesium processing. Others that will obviously be hit, according to Mr. De Paoli, are such service industries as transportation, although it is hard to say "without an adequate model" just how the various chain reactions will propagate through the economy.

Giuseppe Stigliotti, an executive vice president at AGIP SpA, is also the chairman pro tem of the Industry Advisory Board of the International Energy Agency. He concurs that "energy-intensive industries are going to feel the pain most intensely. This, of course, varies as a function of the degree to which these industries are free to vary their source of energy. But even when they can modify their energy sources, there is a considerable time lag; the modification will not be immediate."

Vittorio Stora of Plasticconsult, a Milan-based consulting firm serving the plastics industry, says, "Of course the price of raw materials, which is set roughly every 15 days, has already been substantially affected by the Gulf crisis. The price of manufactured products, however, has thus far not been seriously affected." Asked whether the outlook is one of price rises in the plastics business, Mr. Stora says it is "impossible to give a blanket estimate. There are too many

different plastic products, and the component of the price of raw material in the final price is far too variable to say."

It is interesting to note some of the industries that have been hit in the short run. According to Datastream International, a London-based data-bank service, the three months from July 10 to Oct. 10 have seen world stocks drop in the following sectors: 11 percent in metals; 16 percent in airlines; 17 percent in construction, automotive, and chemicals; 19 percent in banking and a whopping 25 percent in electronic components.

Neli MacKinnon, chief economist at Yamaichi International Europe, says that with the U.S. economy in recession as of June 1990, "The knock-on effect of high oil prices would be likely to be slow growth in Asia and Europe."

Mr. MacKinnon says that the recession itself is likely to be fairly mild, but the structural imbalances in the economy — specifically, the enormous corporate debt that developed in the United States in the mid-to-late-1980s — are likely to slow growth through the mid-1990s.

The real effect of the Gulf crisis is more likely to be felt in money markets and banking than in specific industries. In the Japanese economy, Mr. MacKinnon says, there will probably be half as much GNP growth in 1991 as in 1990, perhaps as low as 3 percent.

As a result, many corporations will go to the wall or be taken over. "Investors will be looking for three things," Mr. MacKinnon says, "corporate quality, good cash flow and healthy balance sheets." In brief, there will be a financial shakeout. The specific feature of this shakeout will be a shift on the part of money managers from a top-down approach — market jargon for an approach emphasizing the performance of certain markets or industries — to a bottom-up approach, meaning that investors and money managers will focus on particularly healthy companies, regardless of sector.

Cyclical industries, such as steel and engineering, will be particularly vulnerable in a depressed market, Mr. MacKinnon says. So will consumer-based companies such as department stores and retail chains.

Good bets for the duration? "High-technology R&D and, of course, those doing research into alternative energy sources," says Mr. MacKinnon.

Anthony Stanger

## Kuwait / Still in Business

## Industry in Exile Carries On

Continued from Page 17

gas stations in the Benelux countries and Scandinavia. This year it bought Mobil Italiana, which has 2,500 stations in Italy.

There are now more than 4,500 Q8 stations in Europe, giving it a 10 percent

average overall share of the retail market in Denmark, Sweden, the Netherlands, Britain and Italy. Earlier this year it went into the lubricating-oil market with the purchase of Britain's Carless Lubricants for \$28 million, and a similar, smaller company in Italy. KPC said

at the time that its aim was to consolidate its position and keep abreast of market demands.

In November, the British subsidiary Kuwait Petroleum Lubricants, formed following the acquisition of Carless, will launch sales of its own brand products. Ac-

cording to KPL's manager, Alan Tucker, the emphasis will be on quality and improved customer service.

Another venture is planned for Thailand, where a new KPC unit, Kuwait Oil (Thailand), will spend \$10 million building up a chain of Q8 gas stations. KPC will also carry out a major feasibility study of potential recoverable oil and gas resources on Thailand's southern seaboard.

KPC has had to restructure its operations and administration "in exile." Its drilling and exploration company, Kuwait Foreign Petroleum Exploration Company, has been registered in the Cayman Islands. It has been using its offices in Australia for its temporary headquarters as it has not been allowed to operate in North America or the North Sea. (This is unconnected with the general embargo on Kuwaiti business activities — now virtually lifted on most operations.)

KPC/KUFPEC is now moving its headquarters to London in order to oversee its global operations. These have been building up steadily over the last five years. The company has exploration and operating agreements with partners in Australia and Egypt, which produce small crude flows of about 30,000 barrels a day (roughly the same as that of Bahrain, one of the smallest Gulf producers).

Petroleum Intelligence Weekly suggests that KPC is about to obtain new crude supplies from Tunisia, the Congo and Indonesia. But one of its biggest hopes for new crude supplies is likely to come from a joint U.S., French and Soviet operation currently under way in Yemen.

Says a Kuwait Petroleum International official in London: "We are also still going strong with investment opportunities in Eastern Europe, where we see vertical integration as an important factor."

With its home assets a potential minefield and many of its financial assets still blocked, Kuwait's pioneering oil spirit is nonetheless far from dead. It was one of the first great Arab oil producers, and it is going to make sure that it is not the last.

Michael Frenchman

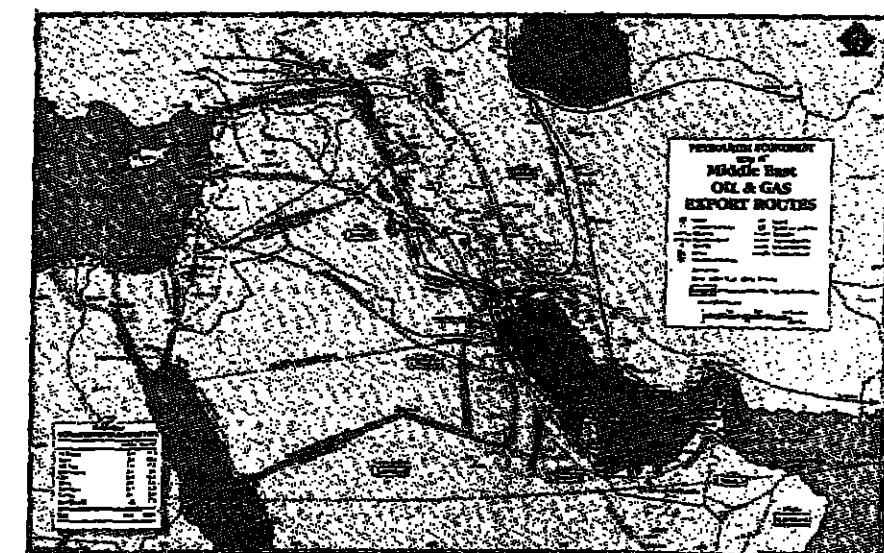
## OPPORTUNITIES IN TEXAS

## FINANCIAL PARTNER/S WANTED

for acquisition of oil & gas leases in South Texas Austin Chalk Trend for future development. Active Operator. \$1-5 Million. Terms negotiable. Contact: Robert C. Duncan PH 214-450-0505, Fax: 214-490-9504. Dallas, Texas U.S.A.

## VERY UNUSUAL OPPORTUNITY

Financing Needed to Purchase Part of Undeveloped Field & Oil Development Work. • Potential return 10 to 1 • Investors will have 100% lien on all wells until payout • Due Diligence Reports available. Fax: 517/882-4250 USA P.O. Box 420356, HOUSTON TEXAS 77242-0356 USA



Updated to August, 1990. Actual dimensions 615mm x 410mm

PETROLEUM ECONOMIST  
map of  
MIDDLE EAST OIL & GAS EXPORT ROUTES

The crisis in the Gulf has aroused renewed interest and demand for our map of Middle East Oil & Gas Export Routes. In response we have updated our map (last published in November 1987) incorporating the latest available information. It has been reprinted to enlarged wall-map format on heavy art paper and laminated to protect the surface. Copies are now available as detailed below.

## ORDER FORM

Please send me copies of the Map of Middle East Oil & Gas Export Routes, as follows:

	Number of maps	Payment attached
Single copies, each	£24.50	\$50.00
Multiple copies, each	£18.00	\$36.00

(including postage and packing) Quotations for larger quantities on request

Name \_\_\_\_\_ Company \_\_\_\_\_  
Address \_\_\_\_\_

Cheques and Money Orders payable to Petroleum Economist  
Send to: Petroleum Economist, PO Box 105, 25/31 Ironmonger Row, London EC1V 3PN, England

**Engen fuels the growth of new opportunities in Africa**

Only a few corporations will ever see Africa as being more than the dark continent many continue to believe it is.

One such far-sighted company is Engen. Through our dynamic approach we are successfully turning the region's problems into opportunities.

As an innovative company with interests in exploration, off-shore drilling, natural gas, oil refining and the marketing of Mobil, Trek and Sonap branded products, we are providing the energy to generate creative solutions that work in Africa.

Engen is a committed, non-racial, equal opportunity employer and is an integral part of the new Southern African scenario of environmentally sensitive companies which are alive to the broader challenges facing this continent.

For further information contact:  
The Managing Director  
P.O. Box 35, Cape Town 8000, South Africa

**ENGEN**  
FUEL FOR GROWTH





Newly discovered reserves could increase Saudi Arabia's total by 20 percent.

Middle East / Increasing Production

## Saudi Program Is Accelerated

Almost 18 months before Saddam Hussein invaded Kuwait, Saudi Arabia had set the wheels in motion for massive expansion of its oil-production program. Saudi Aramco has earmarked up to \$44 billion to boost oil production to more than 10 million barrels a day by the year 2000.

Saudi Arabia's oil production has risen by 2.3 million barrels a day to 7.7 million barrels a day since

hundreds of extra staff to cope with the additional work load and substantial recruiting operations are going on in the United States and Europe.

"The most urgent action at the moment is to demolish existing plants and equipment," says an executive at one American company closely involved in pipeline and tank-farm inspections.

Capital expenditure between now and 1995 is budgeted at \$16.75 billion and operating costs at \$26.79 billion. The first comprehensive details of the Saudi Aramco capital expenditure program, as it is called, were revealed early this summer in the monthly Saudi Arabia Monitor.

• Hawiyah GOSPs-2 and -3 (wet crude and gas gathering) stations: \$946 million.

• Yanbu crude export terminal: \$966 million.

• Safaniyah plants (three) expansion: \$2.09 billion.

• Exploration in nontraditional areas, particularly south of Riyadh: \$113 million.

• Drilling 106 development wells — 83 onshore and 23 offshore — so as to sustain production levels: \$228 million.

• Ten new offshore platforms and flowlines: \$162 million.

• Nearly 500 kilometers of replacement onshore flow lines to bring existing drilled wells into production: \$208 million.

• Upgrading domestic refineries at Riyadh, Jeddah and Yanbu: \$2 billion.

The United Arab Emirates, notably Abu Dhabi, have also increased oil production substantially in order to make up the shortfall due to the loss of Kuwait and Iraqi oil on world markets. The Abu Dhabi National Oil Company has asked its operating companies to increase production both onshore and offshore. This has now reached more than 2.1 million barrels a day and includes 400,000 barrels a day from neighboring Dubai.

Abu Dhabi is also embarking on a multimillion dollar oil and gas expansion program — although nowhere near the scale of that of Saudi Arabia. Approximately \$2 billion is being spent on new pipelines, offshore gathering networks and the development of the new wells, which will eventually give Abu Dhabi a sustainable oil-production capacity of about 2.5 million barrels a day.

The other major capital spending program in the Gulf is in Qatar, which is exploiting and developing its gas resources. The North Field is one of the world's largest gas fields, with estimated reserves of 4.46 trillion cubic meters of nonassociated gas (not mixed with oil). This repre-

sents about 4 percent of the world's total resources. The North Field is expected to produce gas for about 200 years.

Following many delays over the development of the field, which was discovered 19 years ago, more than 80 percent of production facilities are complete. The \$1.3 billion Phase One of the project was begun two years ago. According to Jaber Al Merri, managing director of Qatar General Petroleum Corporation, production should start at the end of the year. Total capital expenditure is estimated at more than \$4 billion.

Michael Frenchman

Technology / Horizontal Drilling

## Back to the Well, Sideways

Increasing production is one thing, but methodology is another. New drilling techniques have already led to redevelopment of some abandoned fields in the United States.

As the world searches more and more frantically for oil, the decades-old technique of horizontal

drilling is finally coming into its own.

Simply put, horizontal drilling allows a well to be sunk in the traditional vertical fashion, and then across at a 90-degree angle to drink in oil that would otherwise likely be missed. Worldwide estimates of the amount of extra oil that might be recovered by horizontal drilling range as high as 350 billion barrels.

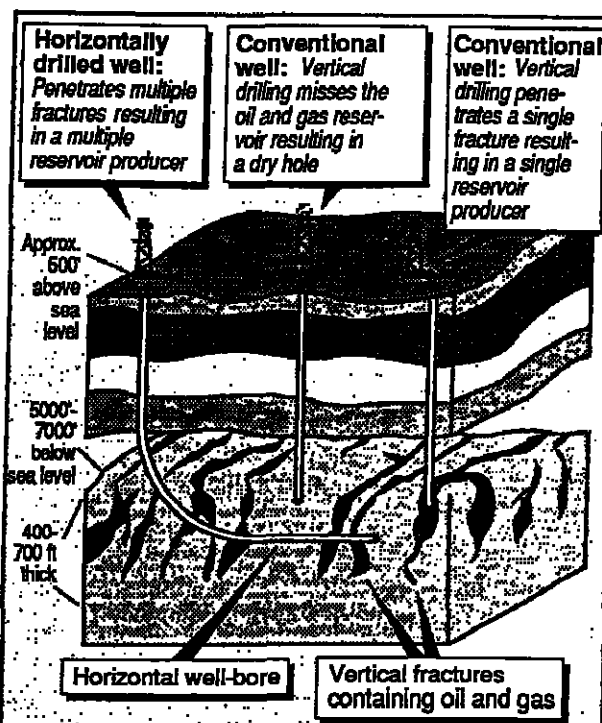
In Texas, horizontal drilling has had dramatic results, boosting the state's return to oil prosperity. With horizontal drilling, says Robert C. Duncan, president of the Great West Group, Inc., a Dallas-based exploration and production company, "you can drill down to the top of the formation and then drill 2,000 or 3,000 feet across the formation. If you look at it in terms of the amount of productive interval exposed to the borehole, you can see

that it increases that tremendously." The technique of horizontal drilling has been around for about 30 years. But since 1985 it has been coupled with increasingly sophisticated advances in telemetry that allow for enhanced ability to steer a drill bit from the surface.

R.A. Radcliff, executive vice president of Basin Resources Corporation in Dallas, says that horizontal drilling is particularly suited to oil and gas pay zones where there is vertical fracturing. Such formations, he says, are likely to contain 90 percent of the energy deposits. The process, Mr. Radcliff says, "allows you to go out and connect these vertical fractures that would virtually be missed by a vertical well." To pick up this oil and gas through the old vertical method, he adds, "is like trying to sink a 90-foot putt blindfolded."

An immediate effect in Texas has been the easing of the constant pressure to find new resources. Horizontal drilling is allowing abandoned fields to be redeveloped. Mr. Radcliff says that in the Austin Chalk formation, which runs from southwest Texas near the Mexican border into northeast Texas, "We are actually going into fields that were drilled back in the '70s."

The Seilan, which resembles a tanker, has computerized positioning



Source: Great West Group, Inc.

equipment that allows it to remain on-station during gale-force conditions. The \$175 million vessel can load 10,000 barrels in a 30-day period. BP has about four years of work lined up for the Seilan in Cyprus and in three other fields.

BP is also pursuing such techniques as DISPS — diverless subsea production systems — which it hopes to have in production by the middle of the 1990s. DISPS would be used in conjunction with standing deep towers.

BP is also seeking legislation in the British parliament to enable it to build a 15-acre artificial island in

order to extract up to 100 million barrels of oil from Poole Bay on the south coast of England. The \$200 million island, which would be just over a mile from shore, would be adjacent to BP's 10,000-barrel-a-day Wytch Farm field, the largest onshore development in Western Europe.

While the development would be a first for the United Kingdom, BP already operates the artificial Endicott field in the Beaufort Sea off the North Slope of Alaska. There are also four Arco-operated artificial islands at Long Beach, California.

Robert O'Connor

ATA Bellier

Wherever it is, we'll find it.

**OIL.** Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.

But, it is necessary to be prepared to wrestle this treasure from the earth's most secret strongholds, using the latest continuously evolving technology, and to venture into hostile, inaccessible places.

Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.

Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity.

Even where no-one has ever reached.



**Agip**  
Eni Group

Deep thinking. Top results.

Michael Frenchman is the editor of the Saudi Arabia Monitor. Timothy Harper is a London-based American journalist and lawyer. Douglas McWilliams is chief economic adviser to the Confederation of British Industry and chief executive of the consultancy McWilliams Economic Services. Ng Wang Hoong is a staff editor at the Petroleum Intelligence Weekly. Robert O'Connor is a free-lance writer based in London. Antony Shugar is a Milan-based free-lance writer. Helga Steeg is executive director of the International Energy Agency.

### KEEP YOUR EYE ON THE THINGS YOU CANNOT SEE

Among executives, there is a growing concern that events beyond their control could seriously jeopardize their security and career growth. Take control of your career by calling Millard Consulting Services, specialists in international Executive Marketing and Career Counseling. Confidentiality. Professionalism. Results... MCS understands your needs and how to meet them.

**MILLARD CONSULTING SERVICES, Inc.**

Suite 200, 455 Pennsylvania Avenue  
Fort Washington, PA, 19034  
215-646-0400 Fax: 215-646-4210



## SPORTS

## Las Vegas Coach Tarkanian: The Shark Who Became the Attacked

By Robin Finn

New York Times Service

LAS VEGAS — In the hallway that leads to his imposing office at the University of Nevada-Las Vegas, there's a miniature shark sign that proclaims the premises Shark Street USA, a domain of champions.

But lately the bold, bald-headed shark himself, Jerry Tarkanian, has felt more like a guppy trapped inside a very small fishbowl.

That his unpolished Runnin' Rebels emerged as the U.S. collegiate basketball champions at venerable Duke's expense last April has ceased to console him for a lifetime, 35 years, spent in coaching. Nor does he find inspiration in his winning percentage, .843, unparalleled among college basketball coaches. Not even the thought of the impending season revives him.

"For the first time I can remember, practice is less than a week away and I haven't even thought about basketball," said Tarkanian, a mobile phone clutched in his fist like a weapon as he hunched behind a desk of discarded paperwork last week. "At this time of year, it's usually all you think about."

Or, in the case of Tarkanian, who at 60 fears his impending retirement because he has no interests except basketball, the sport is normally all he thinks about all year.

"I've never been this close to a start of a season feeling as miserable as I do now," said Tarkanian, who knows he may be feeling even more miserable by its conclusion.

"What has rendered Tarkanian so disillusioned is the prospect that the most recent sanction imposed on his beleaguered basketball program will prohibit the top-ranked Runnin' Rebels from defending their title in 1991.

In July, the National Collegiate Athletic Association, its hands finally untied by a Supreme Court ruling after a legal battle with Tarkanian that lasted more than a decade and cost more than a \$1 million, informed UNLV that its basketball team was ineligible for postseason play this season.

This was the NCAA's decision, the only punishment appropriate to Tarkanian's refusal, in 1977, to allow the university to suspend him for two years as the NCAA had ordered.

"That's the nature of the beast," said Steve Morgan, an associate executive director of the NCAA, when he was asked to explain the association's decision to disperse retroactive justice against Tarkanian, who continues to use a 13-year-old injunction to ward off a suspension ordered long ago but evidently not forgotten.

"Obviously, they want to do something to me," said Tarkanian, whose adversarial relationship with the NCAA's enforcement arm dates to a pair of trash editorials he wrote in 1972 and 1973 while he was coach at Long Beach State. That school eventually drew a two-year probation and a ban from NCAA tournament play for recruiting violations, then the NCAA re-opened its investigation of UNLV's program six days after Tarkanian accepted the coaching job there in 1973.

Since, the NCAA's investigators have spent almost as much time on campus as Tarkanian.

"Invariably, about every third year, they put a release out that they're investigating us," he said. "And invariably, it happens right around

letter-of-intent time, and invariably it knocks the heck out of our recruiting, and invariably all the other coaches use them against us."

(This year Tarkanian pulled off a coup when he received oral commitments from two of the country's brightest prospects, Ed O'Bannon, who last week hurt a knee in a pickup game and is out for the year, and Shon Tarver. But both defected to UCLA after the NCAA announced the postseason sanction against UNLV.)

While some coaches believe, in private, that the NCAA is branding Tarkanian and Nevada-Las Vegas because it does not deem the man or the school an appropriate example of the NCAA ideal. While the insubordinate Tarkanian and his non-blue-chip contingent could be tolerated were they more lowly ranked, their seizure of the spotlight as a basketball powerhouse has proven an embarrassment.

Because Tarkanian felt this year's ban was destined to play just as hard and as well as last year's, he said the NCAA's ruling had been "like a kick in the groin."

"I think about it all the time," he said. "I feel my team will go to the tournament again, but without me."

Pursued for the past 17 years by an unshakable posse from the NCAA's enforcement committee, Tarkanian has finally found himself trapped. And he has received his punishment in the form of exile from tournament play, the springtime showcase that earned the university \$1 million in television revenues last year when Tarkanian coached his team to a record of 35-4, the best in the United States.

With four returning starters headlined by the all-Americans Larry Johnson and Stacey Augman, both of whom declined prominent billing in the professional National Basketball Association draft to return to defend UNLV's title, Tarkanian had the logical ambition of compiling another blockbuster season like last year's, which generated more than \$6.5 million in revenue for the school.

The NCAA, responding to an appeal from UNLV, has agreed to hear further arguments in the case on Oct. 28. But Tarkanian, the only coach ever to be ordered suspended by the

NCAA, knows full well that the amateur body that rules college sports has never upheld an appeal. And one from a coach it would very obviously prefer to banish? Still, he's angling for some measure of control in the process.

Tarkanian, against the advice of UNLV's counsel, Brad Boone, announced two weeks ago that he would step aside as coach for the season if the NCAA would only let his Rebels have the right to defend their title.

At that point, the atmosphere on campus grew mawkish as an assistant coach, Tim Gynchik, insisted he would not go to the postseason with-

out his boss. And the senior starters, some of whom exercised an option to return to UNLV, unimpaired program elsewhere, began to wonder the possibility of filing a suit against the NCAA.

Tarkanian's modus operandi has been to tilt between Machiavellian and martyr, his mood on the bench has been as volatile as his appetite for performing miracles. Too, his penchant for performing miracles, mercy for athletes labeled, not always with success, as undesirable by his peers has earned him notoriety as a pariah.

But Tarkanian maintains his innocence in all matters. And were UNLV's program suspended, he says, his players would have to leave the NCAA gave them the chance to play.

But what Tarkanian, whose contract expires in 1993, is maintaining less of these days is his ambition to stick around the college game while the NCAA completes another investigation accusing him of wrongdoing in the recruiting of Lloyd Daniels, a New York player who never played at UNLV after being recruited with drugs. Tarkanian says he regretted not paying more attention to the player's background from the NBA, the latest of which came from the Los Angeles Clippers last summer.

Most of all, he is unrepentant about his decision to take on the NCAA.

"If I had it to do over again, I wouldn't have fought the NCAA," he said. "When I came after you, you just let 'em whip you like a dog and thank 'em for it. If you fight 'em, they make an example out of you so no one else will fight 'em. You can't beat 'em; they're unbeatable."

## WLAF: A Zero At 'Full Speed'

United Press International

CHICAGO — There are no coaches, no players and no schedule. Not even owners. But Mike Lynn said Tuesday it's all systems go for the World League of American Football.

"We're full speed ahead. We're going," said Lynn, president. "We're going to go forward in 1991. That's absolutely definite."

The league, which is to begin its first 10-game season in March, has tentative commitments in Barcelona, Milan, Frankfurt, London, Montreal, Mexico City and five U.S. cities.

Lynn said he and World League shareholders had an "optimal meeting" Tuesday with representatives of the National Football League, and that there was "strong sentiment to operate as many of these franchises as possible."

Although no coaches have been named, Lynn said he has 350 applications from "qualified" candidates. Scouts, he said, are now making a list of prospective players.

No general managers have been assigned, because Lynn wants the league's owners to have a say in that. But so far there are no owners, because no one has signed on the dotted line, although Lynn said that "there are six owners who have intense interest."

"We have no plans at this time to scale down anything that we're currently doing," he said. "Only five months remain until the first game, but Lynn said he is undaunted by the task."

"The only thing we know how to do is put together a football organization," he said. "This is the easy part, putting together a team."

"For the first time I can remember, practice is less than a week away and I haven't even thought about basketball," said Tarkanian. "At this time of year, it's usually all you think about. I've never been this close to a start of a season feeling as miserable as I do now."



The New York Times

## NBA's Once-Mystical Celtics Are Now a Team Deeply in Need of a Magic Wand

By Clifton Brown

New York Times Service

BROOKLINE, Massachusetts — For so many years, the Boston Celtics were the team against which all others in the National Basketball Association were measured. They had mystique. They had stability.

That tradition makes the whitewash of the season events involving the Celtics more startling than if they had occurred with another team.

They dismissed their coach in May. They hired a new coach, Chris Ford, and a new senior executive vice president, Dave Gavitt, in June.

They were forced to take Brian Shaw to court because the point guard wanted to break his contract with the Celtics to play a second season with the Milwaukee Bucks.

Then, after signing two players from Yugoslavia, the Celtics decided not to resign Dennis Johnson, an integral member of three championship teams during the 1980s.

As they prepare for their 44th season, which begins Nov. 2, the Celtics are clearly a team in transition. The mystique is gone. But will any, or all, of the offseason changes improve the Celtics? Or was last season's first-round playoff loss to the New York Knicks another sign that Boston's glory days are long gone?

"It's all right with me if people don't think we're a contender," said Gavitt, the former commissioner of the Big East Conference who was hired to run the team's day-to-day operations. "But no matter what people think, it's important to us that we are a contender."

"Since I took the job, we certainly have tackled a lot of issues. And I think we've resolved them satisfactorily. Solving problems doesn't bother me. I'm kind of used to that."

But Bostonians are not used to seeing the Celtics lose in the first round of the playoffs, something they have done the last two seasons.

They had become a team that relied too much on halfcourt offense, a team that lacked quickness, a team whose reserves were inconsistent.

Jimmy Rodgers was dismissed as coach in May, two days after the Celtics lost a 2-0 lead to the Knicks in the three-of-five-game playoff series. That triggered a series of moves.

First Red Auerbach, the Celtics' longtime president, persuaded Gavitt to become executive vice president. Gavitt and Auerbach's first priority was to hire a coach. That became another rocky moment for Boston.

Ford, who had been Rodgers' top assistant, was thought to be the leading candidate. But while Ford waited, Auerbach and Gavitt went to North Carolina to interview Mike Krzy-

zewski, Duke's head coach. When Krzyzewski decided to remain at Duke, the job was given to Ford. But Gavitt and Auerbach had to defend themselves against accusations that Ford was really their second choice.

"We got beat up a little bit because the Boston media decided for whatever reason that we were recruiting Krzyzewski," Gavitt said. "We told Mike and Chris from the beginning that they were the only two candidates. Chris knew that and he was very comfortable. We took a week to hire a coach, which I don't think is unreasonable. We just didn't do a good job keeping our conversations quiet."

Ford, who played with the Celtics and has a good rapport with the players, has initiated major changes in the team's playing style. The Celtics will fast break more this season and they will put more defensive pressure on the ball.

The addition of Shaw and Dee Brown, a 6-foot, 2-inch (1.87-meter) point guard from Jacksonville University who was Boston's first-round draft pick, gives Ford a quicker backcourt with which to play an up-tempo style.

The presence of Shaw and Brown made the Celtics feel that Johnson, who turned 36 last month, was not worth re-signing. But if there were not enough problems, last month Brown was given a shocking welcome to the Boston area.

While sitting in his car in Woburn, Massachusetts, where they intended to buy a house, Brown and his fiancée were surrounded by night police officers, guns drawn. The police were responding to a phone call from a woman who said Brown had robbed the bank three days earlier.

Brown was taken from his car and ordered to lie face down on the ground. Some officers had their guns trained on Brown's fiancée.

Brown was soon released when a detective familiar with the robbery saw Brown and realized he was not the man they were looking for. But for Brown, who is black, and his fiancée it was a frightening and angering introduction to an area that has had its share of racial turmoil.

"Of course I was upset when it first happened and my first reaction was, 'Of course I don't want to live there,'" said Brown, who received more than a hundred letters of apology from people in the community. "But after rethinking things, I realized I still wanted to live there. Hopefully the community will look back in the face and find out what's wrong with it. I think the community is doing that. That's all I can ask for."

As for Shaw, he was one of the league's top rookies two seasons ago. But after a heated contract dispute, he spent last season playing in Italy. After re-signing with the Celtics in Febru-

ary, Shaw threatened to return to Italy again this year, but his contract with the Celtics was found to be binding in court.

Shaw says his teammates have welcomed him back without animosity. But what about the fans and management?

"Brian may get booed a little bit by the fans initially, but I don't think it will be a serious problem," Gavitt said.

"As far as we're concerned, Brian simply wanted to spend another year in Italy, but we weren't in a position to let that happen. We had a binding contract so we went to court. It was a business situation. We needed him."

But the Celtics may need much more than Shaw to contend. Their front line of Larry Bird, Kevin McHale, 32, and Robert Parish, 37, is still one of the league's best, but it is also one of the oldest. And the two Yugoslavians signed — Stojko Vuckovic, a 7-2 center, and Sasha Dordevic, a 6-2 guard — are not expected to play much if they even make the team.

So just who are the Celtics: a team on the rise, a team on the decline, or a team treading water?

"We're only as good as we prove we are," Parish said. "Am I surprised at all the changes? Not really. After the way we ended last year, there had to be changes."

## BOOKS

## PHILADELPHIA FIRE

By John Edgar Wideman. 199 pages. \$18.95. Henry Holt, 115 West 18th Street, New York N.Y. 10011.

Reviewed by Richard Eder

THE bloodiest and — relative to the most violent government repression ever undertaken in an American urban black community — the helicopter bombing of a Philadelphia slum house in 1985.

The house was occupied by MOVE, a Rastafarian-like commune that had resisted repeated municipal orders to vacate. The group was armed, and some level of force was required to accomplish the eviction. It turned out to be a mini-holocaust. The bomb killed 11 commune members, including five children, and burned down 53 houses.

That horror provides the central imagery of the agonized fictional meditations and variations that make up "Philadelphia Fire." John Edgar Wideman's novel is a blaze of rage, but what makes the blaze hotter and the book more stunning is the despair that lies under it.

Mayor Wilson Goode, who ordered the bombing, is black. He was elected in the hope that Philadelphia, with its prosperity and strong civic and cultural traditions, might be the city where black voices and white resources could come together to reverse the spiral of urban decay and racial degradation.

The cruel irony of Goode's decision provides Wideman, our most powerful and accomplished artist of the urban black world, with a theme so overwhelming and painful that it threatens to burst his throat.

If the telling is multifarious and passionate, the theme is straightforward and harsh. There is a narrator figure who, much like Wideman — a Rhodes scholar, acclaimed writer and professor — managed to rise out of disadvantage, thanks to talent, struggle and the opportunities that the '60s briefly opened. The thoughts that such individual successes would in some fashion bring a whole people along.

Instead of a rising tide lifting all boats, a few rising boats were supposed to raise the ocean. For the achievers, the hope seemed genuine, despite uneasiness at enjoying the benefits of being its chosen instrument. Such uneasiness has flavored Wideman's books, and given them edge, anger and art.

Now he uses the Philadelphia fire as the turning point, the end of the road. It stands, dramatically, for the less dramatic and more lethal turning of the last dozen years. Instead of tentatively holding out their hands, the privileged classes were encouraged to tuck them back in their pockets. And Wideman's black mayor, who thought he was to deliver his people, bombed them instead.

Do you try to join a society that is ready to bomb you? The question splits the narrator in two. One half is Wide-

man, writing and teaching in western Massachusetts. The other half is a figure named Cudjoe, who represents a Wide-man in transition from a belief in peaceable means to a reluctant, despairing identification with extreme. Cudjoe lives in a comfortable literary exile in Greece, news of the fire sets him on a voyage of discovery back to Philadelphia.

"Fire" tells of Cudjoe's and Wideman's search. He talks to Margaret Jones, one of the "slaves" of King, the leader and prophet of MOVE. He talks to Timbo, a former classmate now ensconced in power — and bitterness — as an aide to the mayor. And he recalls or imagines others: a white publisher who helped him get into print, members of a violent gang of boys for whom Simba is symbol and hero, and a ragged, picaresque wanderer named J.B. who also seems to be the dead King.

It is a swirl of stories, images and voices. Some burn indelibly. Wideman has made fire his own, illuminating us and driving us back with heat and smoky confusion.

Wideman holds nothing back. The uneasiness, the repetitiveness, the partial chaos of "Fire" are, in a sense, the embodiment of his theme. An urban culture is entangled and choked in a culture that is superimposed. Wideman offers himself as a casualty of the struggle, but he is its victor as well.

Richard Eder is on the staff of the Los Angeles Times.

## BRIDGE

By Alan Truscott

FOUR decades ago R. Jay Becker and Sam Stayman were often teammates — they won two world championships together — and more often opponents. Becker died three years ago, but Becker-Stayman confrontations still occur occasionally.

Recently Stayman, with his wife, Tubby, found himself sitting South on the diagrammed deal at the Harmonie Club in Manhattan. Opposing him in the East seat was Becker's son Michael, himself a world champion, playing with his wife, Judy.

North-South bid to an excellent contract of five diamonds but ran into a superb defense. South can cross-ruff, or build up a club trick in the dummy. But West made a good move by leading her singleton trump and South was in some difficulty. He won in the dummy with the ace and led a club. Now East rose to the occasion, literally, by putting up his king — an essential second-high play that was far from obvious. If he had played low, the stage would have been set for a ruffing finesse against the king.

A second trump lead at this point would not have sufficed. South would have won in dummy, led the club queen and discarded his spade loser. But Michael Becker cashed his spade ace and then led a trump. There was no escape for South and he was down one. It was a brilliant defense, and Becker's father would have been proud of him.

NORTH (D)

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2

♥ 4 3

♦ Q 10 8 5

♣ A 9 8 3

EAST

♠ A Q 9

♥ 8 4

♦ K 7 6 5 2

♣ K 10 7 6 3

SOUTH

♠ 3

♥ A Q 10 7 2

♦ 10 7 6 5 2

♣ 5

WEST

♠ 10 7 2







